

kakao

Company Presentation
February 2025



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Company Overview



Korea's mobile communication leader with the undisputed dominant messenger app **Kakao Talk**
49 mm domestic MAU vs. 52 mm population in Korea (94% penetration)



Multiple revenue streams across platform and content business, capturing the full range of **everyday mobile activities**
Communication, e-commerce, payment & banking, ride-hailing, music streaming, webtoon, etc.



Total package portfolio across corporate growth cycle
Early-stage growth (AI, healthcare, cloud and VC Investments) to self-sustaining growth (mobility, entertainment, and game)
and profitable growth (Kakao Talk's advertising and commerce)

Platform Businesses

BACKBONE



85~100%⁽¹⁾

NEW INITIATIVES

kakaoenterprise B2B / cloud
kakaohealthcare healthcare

CONNECTED SERVICES

57.2%⁽¹⁾
kakaomobility
ride-hailing & other mobility

46.3%⁽¹⁾
kakaopay
payments & tech-fin

27.2%⁽¹⁾ (Associate)
kakaobank
internet banking

Content Businesses

GLOBAL GROWTH DRIVERS

66.0% ⁽¹⁾ kakao ENTERTAINMENT	music / K-pop, media, and webtoon / web novel
91.1% ⁽¹⁾ kakaopiccoma	webtoon (Japan)
40.7% ⁽¹⁾ SM ENTERTAINMENT GROUP	K-pop
40.8% ⁽¹⁾ kakaogames	mobile / PC games, virtual golf

Note: (1) Percentage figures indicate Kakao Corp's ownership stake in subsidiaries; all entities are consolidated subsidiaries but for Kakaobank (equity method accounting).

FY 2024 Results Summary

- Annual Revenue of 7.87 trillion KRW (YoY +4%) on the back of robust growth in Talk Biz, Pay and Mobility
- Annual consolidated operating profit of 523 billion KRW (YoY +14%), with OPM of 6.6%(+0.5%p) after adjusting for one-off bad-debt expense
- Strong profitability coming from core business - Talk Biz advertising and commerce OPM exceeding 30%

Defining Kakao Talk and AI as the Core Growth Engines of Kakao Corp.

- Focus on Talk Biz growth and AI innovation through efficient resource allocation, while minimizing investment in non-core businesses and executing cost optimization initiatives
- Talk Biz : Plans to launch a new 'Discovery' section and AI-based services to expand user engagement and unlock new monetization opportunities across advertising and commerce
- AI: Launch co-developed AI service with OpenAI, a standalone app 'Kanana' and in-app AI services with KakaoTalk throughout FY2025

Balancing Growth and Financial Stability

- Build a sound cost structure that supports long-term financial stability over short-term cost savings
- Prioritize business efficiency based on indicators such as ROI and ROE

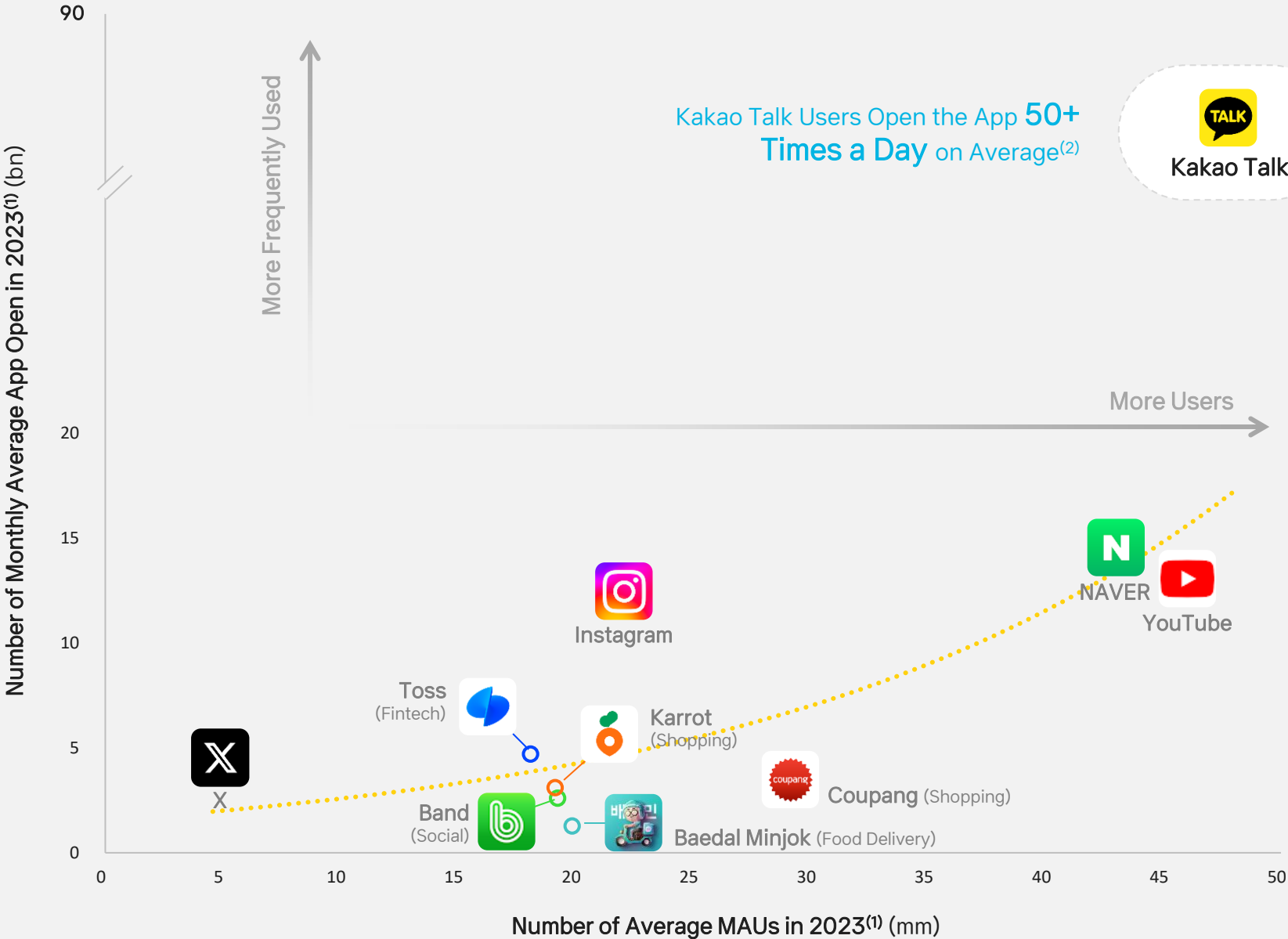
Key Guidance and Strategy Highlight

- Increase Kakao Talk user time spent by 20% and outperform the market growth for Talk Biz
- Define and streamline non-core businesses within Content division to lay a robust foundation for core business growth (e.g. divestment of Kakao Games Sena technology, exit from France and SEA story markets)
- Maintain marketing expense at 6% of consolidated revenue, with labor cost growth kept within single digits YoY

Undisputed Market Leader in Korea's Mobile Space

Kakao Talk: No. 1 Mobile App in Korea

2023 Most Popular Apps in Korea by User Traffic & Usage Frequency⁽¹⁾



No. 1 Messenger in Korea
94% Population Penetration⁽³⁾



No. 1 Mobility Platform in Korea
Taxi-Hailing, Designated Driver, Parking



No. 1 Digital Bank in Korea
by Deposit & Loan Balance



No. 1 Webtoon Platform in Korea
by In-App Purchase Revenue in 2024



Global No. 1 Webtoon Platform
by In-App Purchase Revenue in 2024



Top 1% Sustainability Distinction
by S&P Global's Corporate Sustainability Assessment in 2024

Source: Company Information, Wiseapp Retail Goods, Korea's Fair Trade Commission, Sensor Tower, Mobile Index.

Note: (1) Based on mobile app user data in January – November 2023 for Android and iOS, except for X (MAU as of 1H 2023 as compiled by Mobile Index). (2) Calculated as [avg. monthly app launch by MAUs] / [avg. number of MAUs] / 30 days based on the data from Wiseapp Retail Goods. (3) Based on annual average MAUs in 2023 and the number of total population in Korea as of April 2024.

Making Every Korean's Daily Lives Better


A Life that Cannot Be Imagined without kakao





Shopping
Fashion Items


Monitor
My Health


Ask Merchant
for Service


Advertise
My Products


Book
Flight Ticket


Find **Best Route** to
Destination



Solid Growth and Profitability Built on Unique, Differentiated Competitive Moat

Advertising



Advertising Inventory backed
by **Unique Traffic Base**
of **No. 1 Messenger App**

Korea's Digital Advertising

KRW10 tn

Online Ads TAM⁽¹⁾

12% Share
Digital Ads

E-Commerce



E-Commerce Platform
with **Unique Business**
Model of Gifting

Korea's E-Commerce

KRW242 tn

Online Retail TAM⁽⁴⁾

4% Share
E-Commerce



Kakao Talk's Advertising Revenue Growth (KRW bn)

+7% CAGR

1,120

1,199

FY23

FY24

Key Growth Initiatives



Focus on Enhancement of
KakaoTalk Engagement



Maintained Growth Momentum
with Unique Products & High
ROAS



Discover **New Revenue**
Stream incl. Subscription,
beyond advertising and
commerce



Kakao's E-Commerce Revenue Growth (KRW bn)

+5% CAGR

863

9.6

907

10.1

FY 23

FY 24

Key Growth Initiatives



Expansion of Selections to
Luxury / High-end Brands



Use Case Expansion from
Gifting to **Self-Purchases**



Expansion of **Discovery**
Commerce via advanced
Personalized Product Curation

Source: Korea Broadcast Advertising Corporation (KOBACO), Korea Statistical Information Service (KOSIS), Company Filings.

Note: (1) Korea's online advertisement market as of FY2024

(2) Korea's online shopping GMV as of FY2024

Leadership Across Key Verticals With Continued Business Model Innovation

Market Leadership

Growth Strategy

Mobility

kakaomobility

No. 1 Mobility Platform in Korea



Expand **network of affiliated taxis**

Develop **advanced ads products**



Evolve into **gig & car owner platform**

Story

kakao ENTERTAINMENT
kakaopiccoma

No. 1

FY 2023 – FY 2024,
Webtoon Platform by
In-App Purchase Rev

¥ 100 bn

FY 2024 Piccoma GMV



Enhance **monetization**
& diversify **IP library**



Strengthen **original IPs**
& expand **ads biz. model**

Music

kakao ENTERTAINMENT
SM ENTERTAINMENT GROUP

Top 2

Entertainment
Group in Korea

30%+

Music Digital Retail
Market Share in Korea



Develop **localized IPs**
in **global markets**



Accelerate **global expansion**
in North America & Japan

Game

kakaogames

Top 5

Game
Publisher

PC/Console

Game IP Expansion



Secure game **IPs**
with **global potential**



Expand to **console games**
& secure **global hubs**

Tech-Fin

kakaopay
kakaobank

No. 1

Internet Bank

KRW 167 tn

FY2024
Total Payment Volume

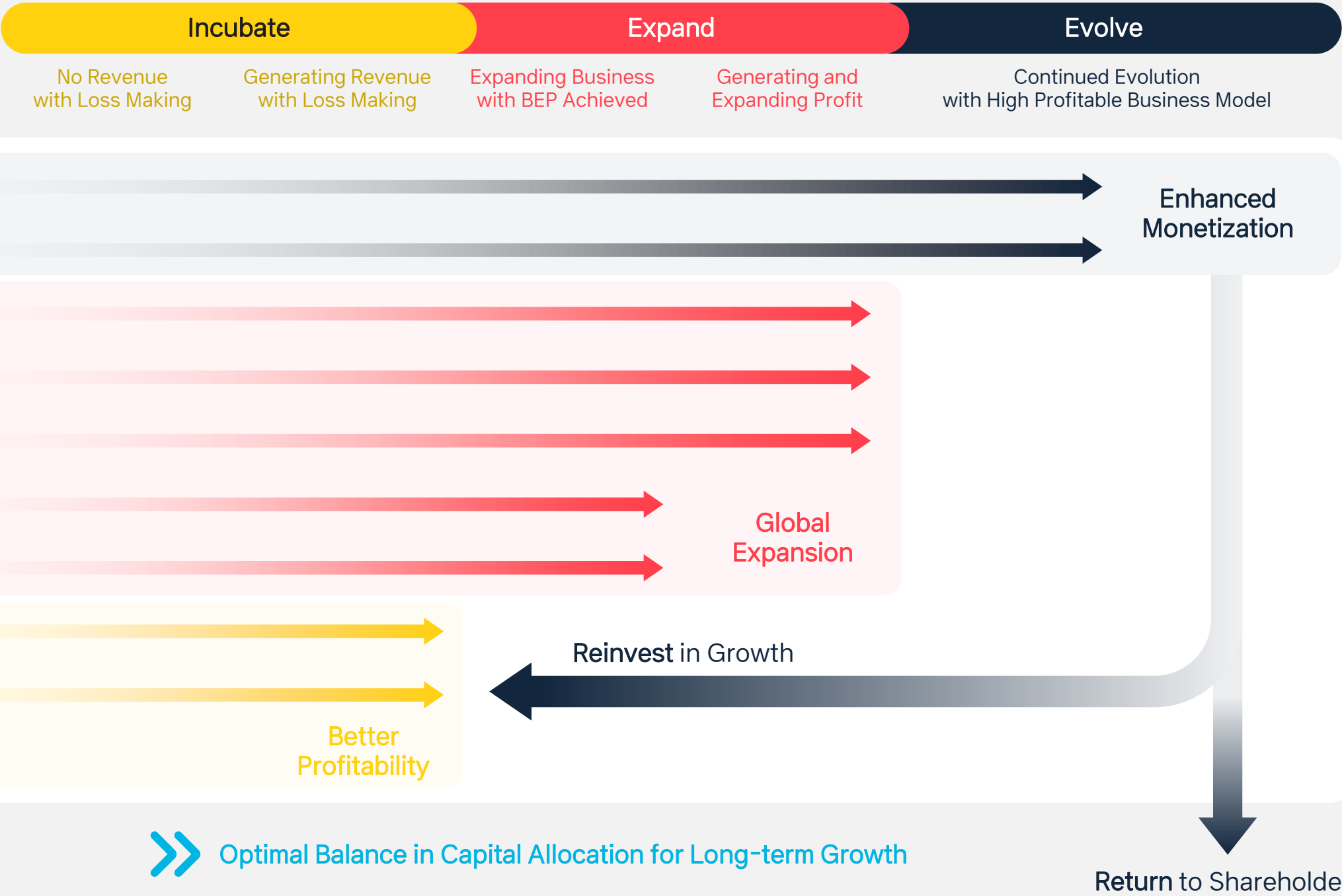


Deepen **penetration across all age demographics**
& increase revenue mix of
low-cost deposits



Maximize **cross-selling** &
improve profitability in
insurance and securities

Operating on the Full Range of Growth Cycle

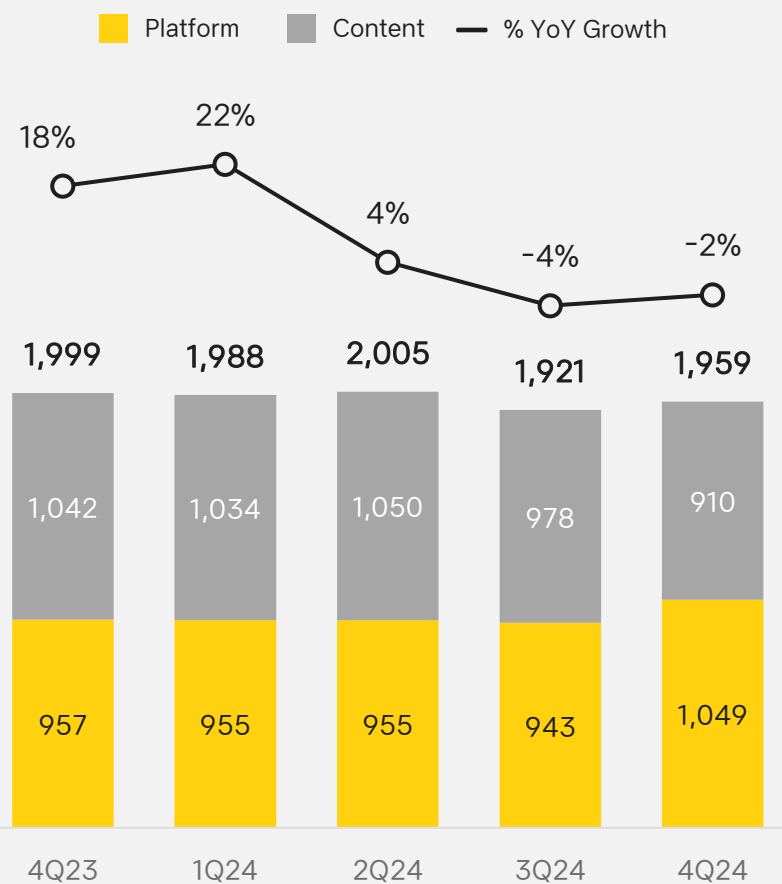


Key Financial Performance

Robust platform growth with sustained high profitability from core business

Revenue

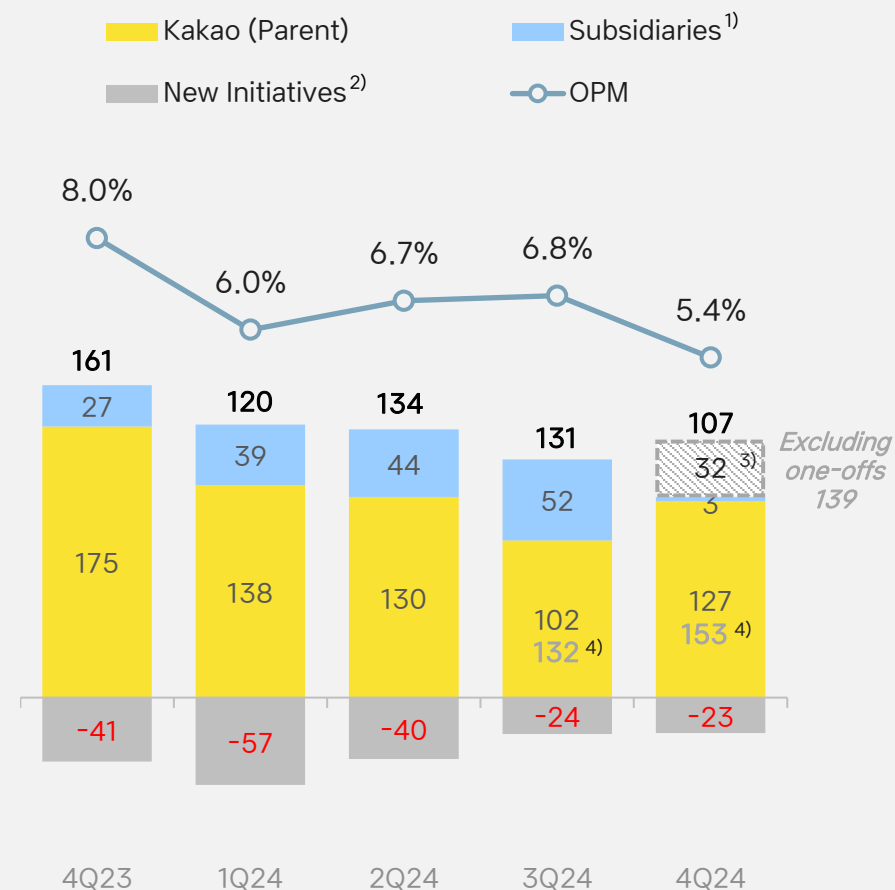
Quarterly Revenue (KRW bn)



- **Solid growth** of Talk Biz Advertising (+5% YoY), Commerce (+4% YoY) on the back of Talk MAU
- **Double-digit growth** of Mobility and Pay
- **Ongoing cost efficiency efforts** of Content division (-13% YoY)

Operating Profit(M)

Quarterly Operating Profit(M) (KRW bn)



- Includes 31.5 bn one-off cost booked by Kakao Pay
- FY2024 annual OPM of 6.6%(+0.5%p YoY) after adjusting for one-off bad-debt expense, driven by proactive cost efficiency initiatives

4Q24 Highlights



TalkBiz Ads

(4Q24 +5% YoY, +10% QoQ)

Business messaging continues solid growth (+18% YoY)
Strengthening growth drivers with a new product launch



TalkBiz Commerce

(4Q24 +4% YoY, +12% QoQ)

Self gifting growth (+20% YoY)

Expanding from purpose-Driven to discovery Commerce



TalkBiz Maintains High Profitability

(4Q24 Talkbiz OPM 30%+)

Ads & Commerce maintain high profit margins,
proving platform's strong competitiveness

Note: (1) All business segments excl. Kakao (Parent) and New Initiatives. (2) Includes Kakao Enterprise and Kakao Healthcare.

참고: (3) 31.5 bn one-off cost booked by Kakao Pay. (4) Kakao standalone operating profit excluding impact of Kakao Brain.

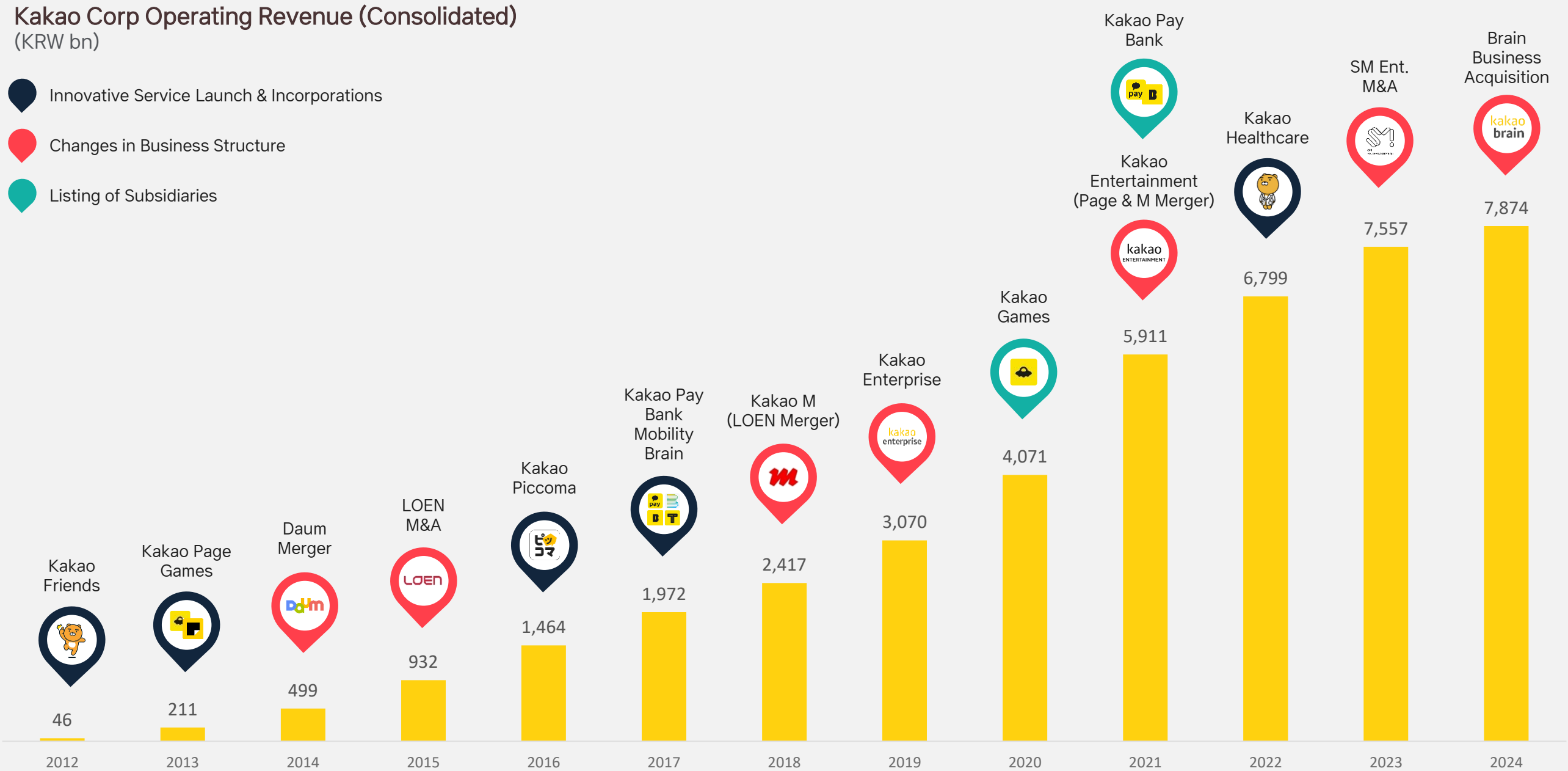
Appendix

Phenomenal Growth Trajectory Along With Growing Ecosystem

Key Milestones

Kakao Corp Operating Revenue (Consolidated)
(KRW bn)

- Innovative Service Launch & Incorporations
- Changes in Business Structure
- Listing of Subsidiaries



Note: 2022 / 2023 operating revenue figures are based on those after restatement as per the change in accounting policy.

Kakao's Continued Focus on ESG Initiatives

Key ESG Initiatives



RE100⁽¹⁾
at Jeju Office



Upcycling
Projects⁽²⁾



Green Digital
Campaigns⁽³⁾



Social



KRW300 bn
Established support fund for
SMEs' digital transformation



Tech Campus
with universities to
nurture technical talents



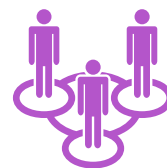
'Kakao Together'
Fundraising project for
causes in need



Governance



DAO⁽⁴⁾ Appointment
First IT company to
appoint DAO in Korea



New Committees
Appointment of technology
ethics and ERM committees



CEO KPI
15% of CEO KPI dedicated
to ESG related initiatives

ESG Ratings



Rated A (2024)
From MSCI ESG ratings



Grade A (2024)
From KCGS ESG ratings



Top 1% (2024)
From S&P Global for
sustainability distinction



Member (2024)
Member of DJSI World,
Asia Pacific, and Korea

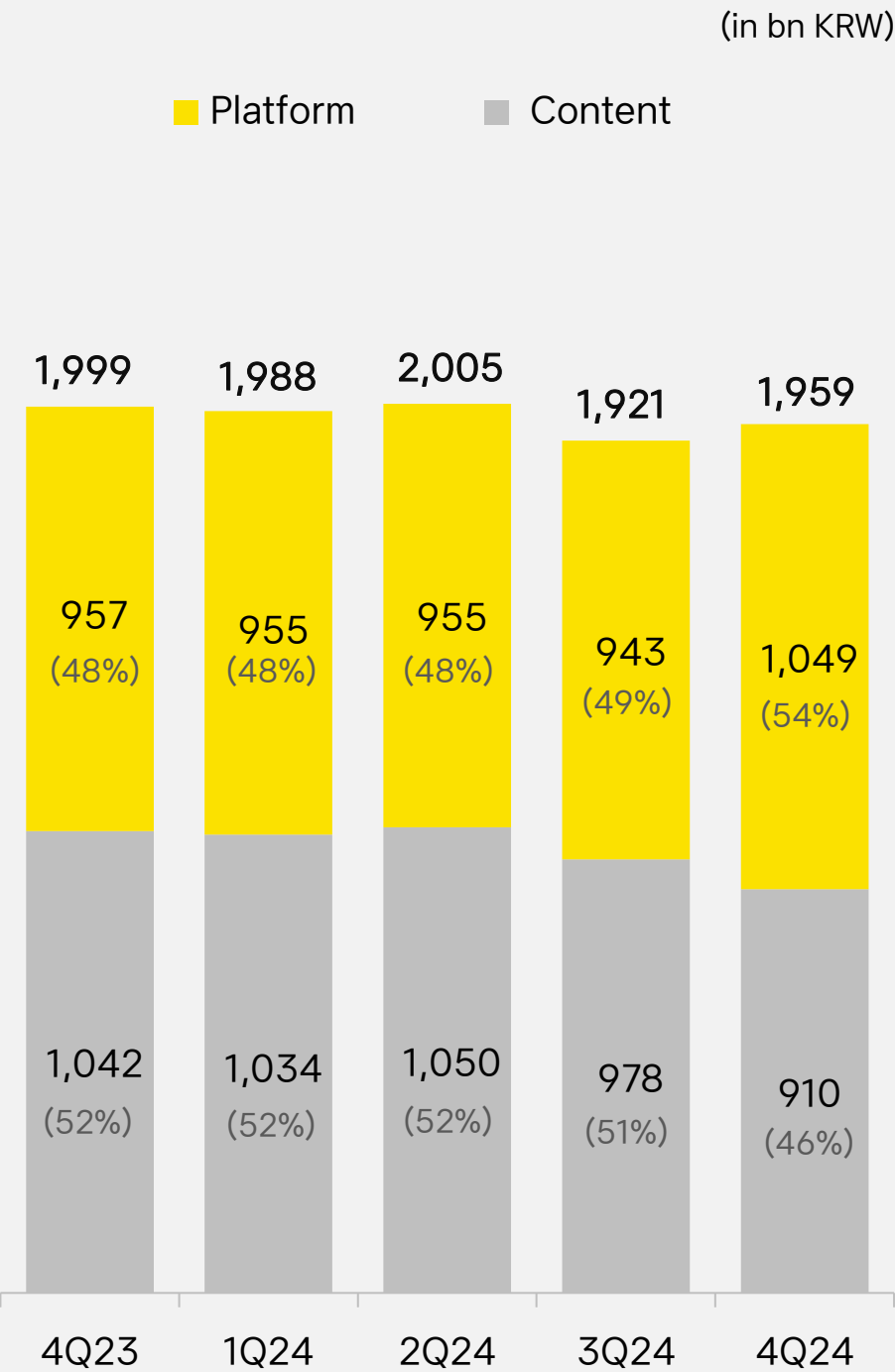
Note: (1) RE100: An international agreement to replace 100% of electricity used by businesses with renewable energy by 2050. (2) Upcycling used T-shirts and sweaters to socks and cardigans. (3) Dark-mode of Kakao Talk, mobile e-bills, etc.

Q4 2024 Earnings Results

Revenue | 4Q24

Q4 Revenue -2% YoY / +2% QoQ

Q4 MIX : Platform 54%, Content 46%



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

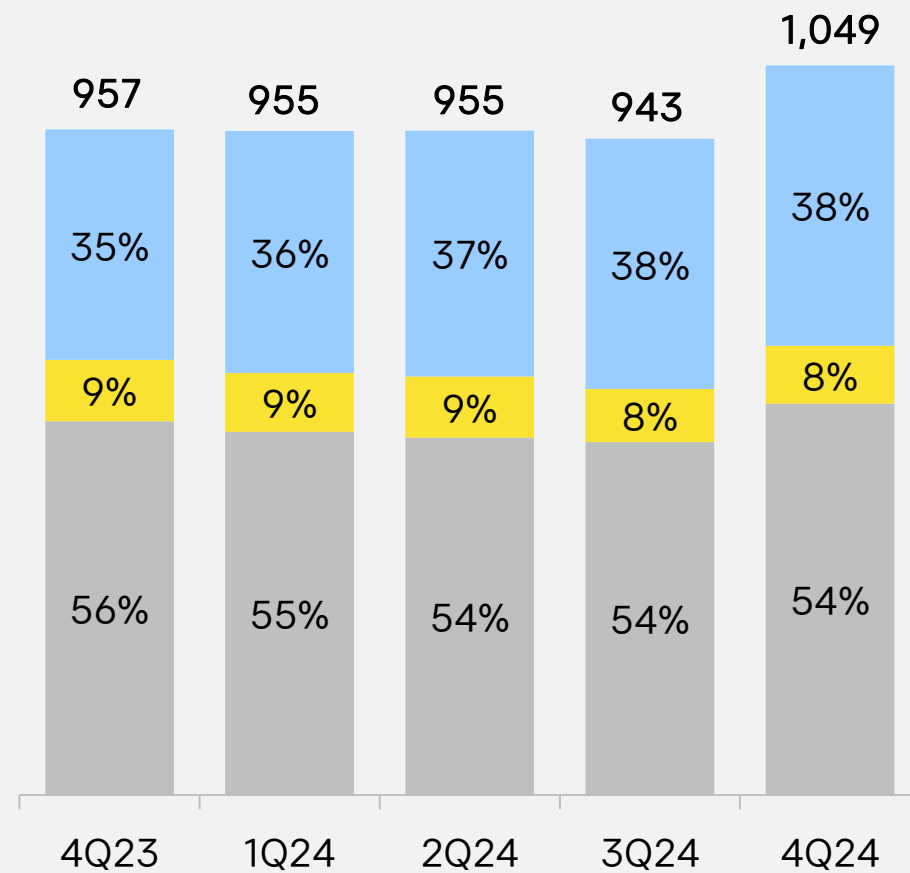
Revenue | 4Q24

Platform

4Q24 +10% YoY, +11% QoQ

(in bn KRW)

■ Talk Biz ■ Portal Biz ■ Platform-Others

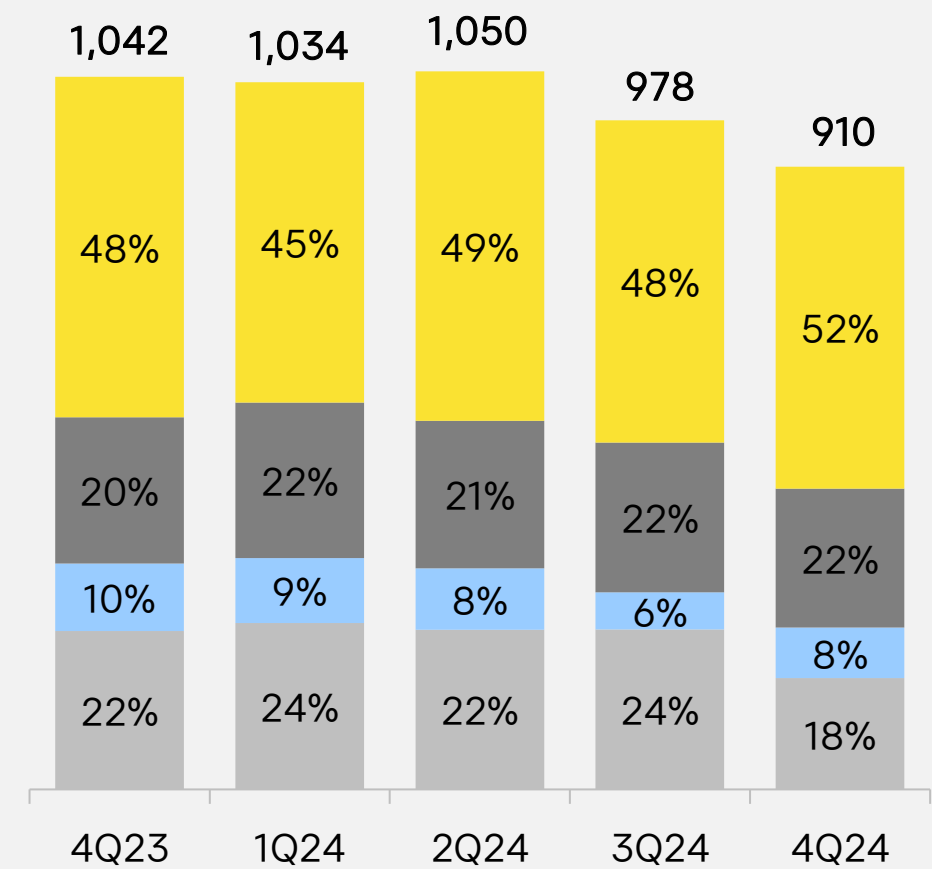


Content

4Q24 -13% YoY, -7% QoQ

(in bn KRW)

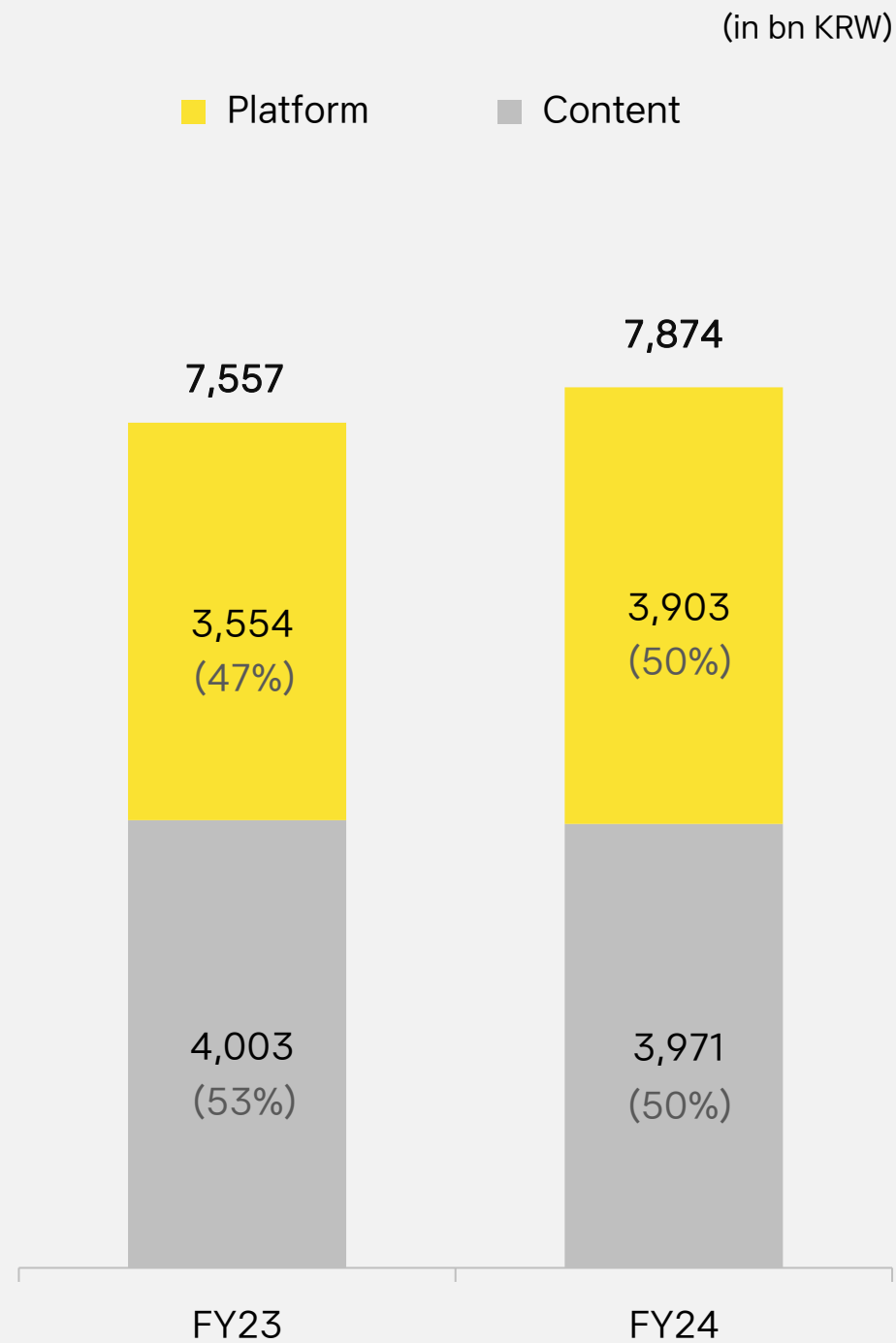
■ Game ■ Media ■ Story ■ Music



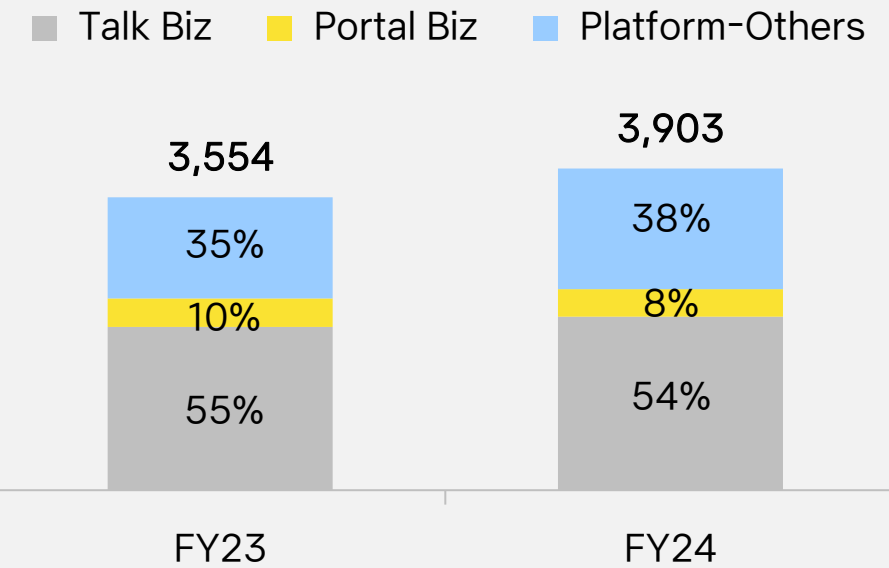
Revenue | FY2024

Revenue **+4%** YoY

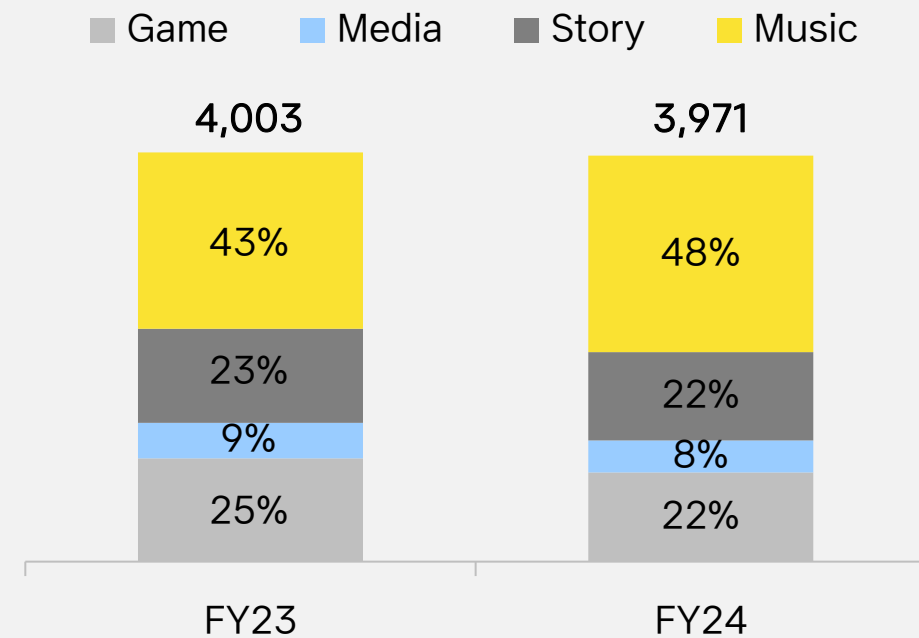
FY24 MIX : Platform 50%, Content 50%

Platform **+10%** YoY

(in bn KRW)

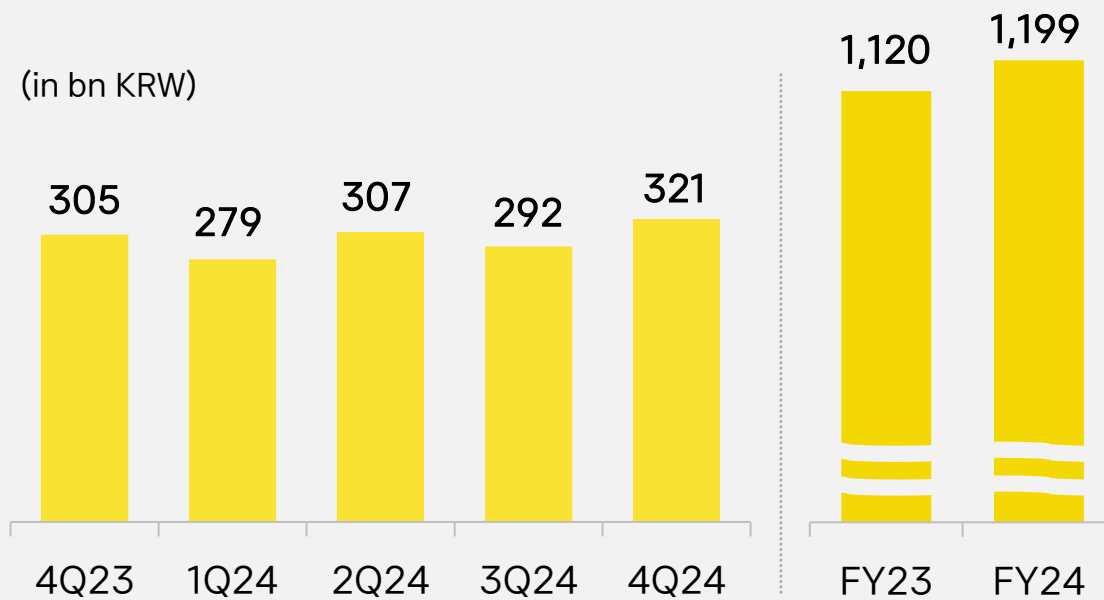
Content **-1%** YoY

(in bn KRW)



Advertising

(in bn KRW)

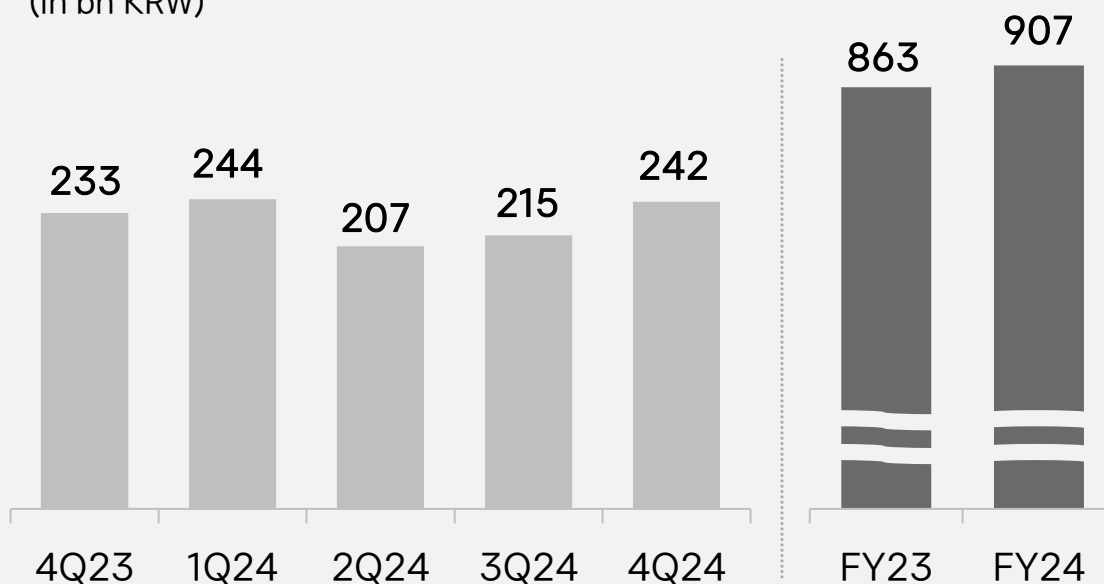


4Q24 +5% YoY, +10% QoQ | FY24 +7% YoY

- (YoY) ① Business Messaging +18%, Increase in the number of paying advertisers in finance and commerce, in addition to rise in message volume
② Total DA -2%, slow recovery in advertising market
- (QoQ) High seasonality

Commerce

(in bn KRW)

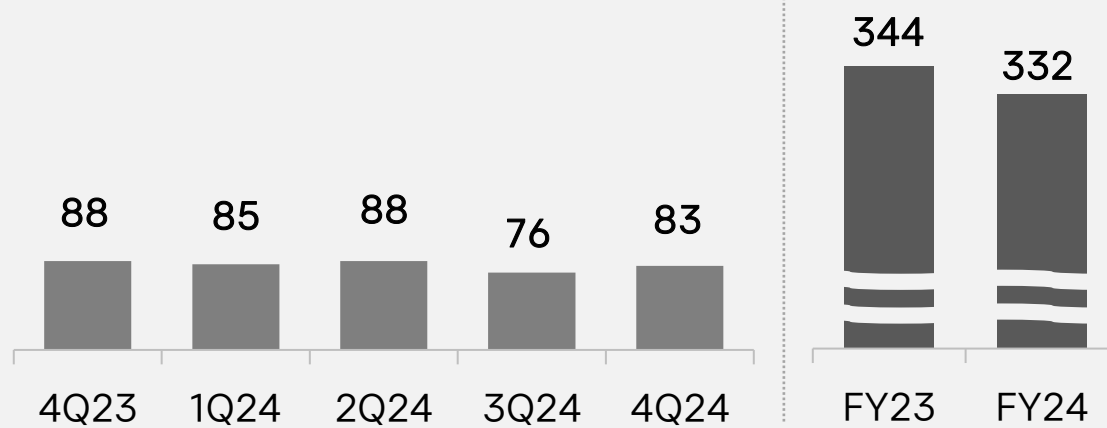


4Q24 +4% YoY, +12% QoQ | FY24 +5% YoY

- Total Commerce GMV: 4Q24 2.7 tn (+3% YoY), FY24 10 tn (+5% YoY)
- (YoY) Self-purchase GMV within Talk Gift +20%
- (QoQ) Enhanced shopping curation and high seasonality

Portal Biz

(in bn KRW)

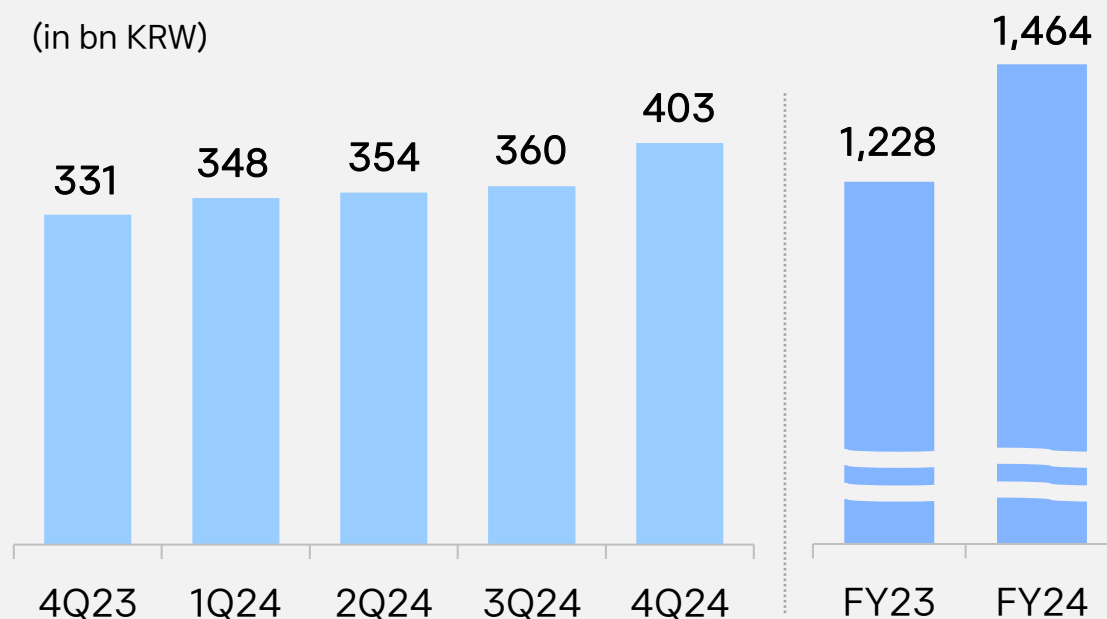


4Q24 -6% YoY, +9% QoQ | FY24 -4% YoY

- (YoY) Decrease in user activity
- (QoQ) High seasonality
- Aiming to enhance user engagement through a full revamp of Daum app and expanded content diversity

Platform-Others

(in bn KRW)



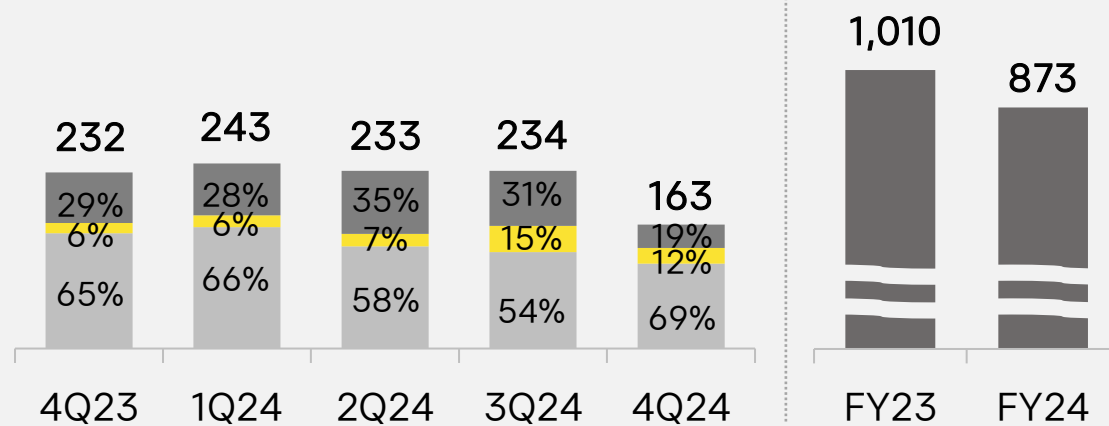
4Q24 +22% YoY, +12% QoQ | FY24 +19% YoY

- **Mobility** : Solid growth across taxi, designated driver, parking and parcel delivery
- **Pay** : Record-high financial service revenue sustaining double-digit growth, first quarterly profit of Pay Securities

Game

(in bn KRW)

■ Mobile ■ PC ■ Others

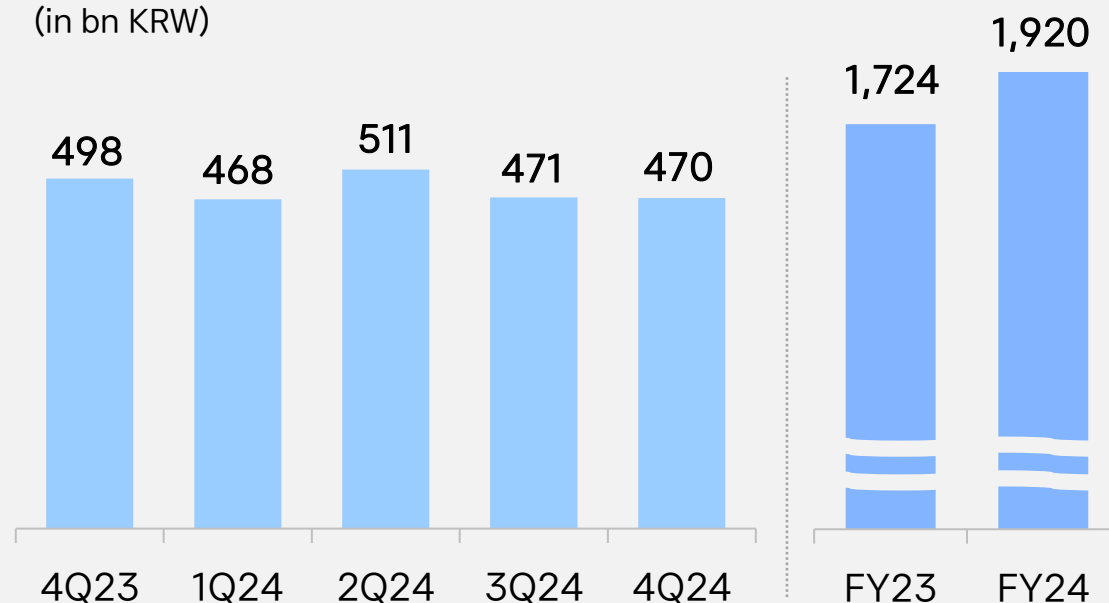


4Q24 -30% YoY / QoQ | FY24 -14% YoY

- (YoY/QoQ) Absence of new titles and continuous decline in non-gaming business
- Ongoing cost-efficiency efforts in 1H, aiming for a turnaround with major IP releases in 2H

Music

(in bn KRW)

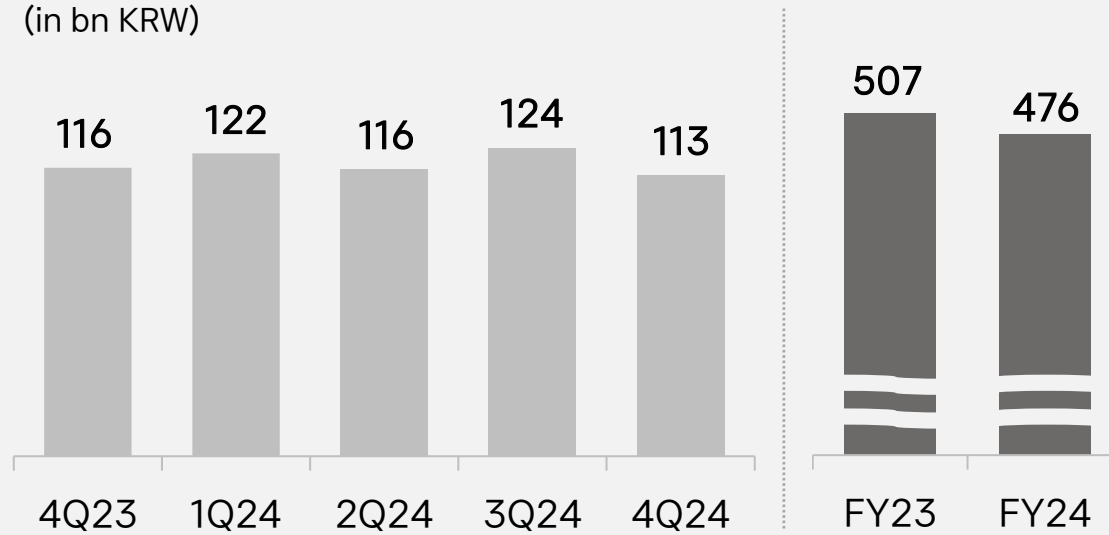


4Q24 -6% YoY, -0.1% QoQ | FY24 +11% YoY

- (Label) Strong album sales and active global performance of the anchor IPs, in line with the previous quarter but declining on-year due to a high base effect
- (Distribution) A solid No.1 market position maintained
- (Melon) Continuous focus on profitability

Piccoma

(in bn KRW)

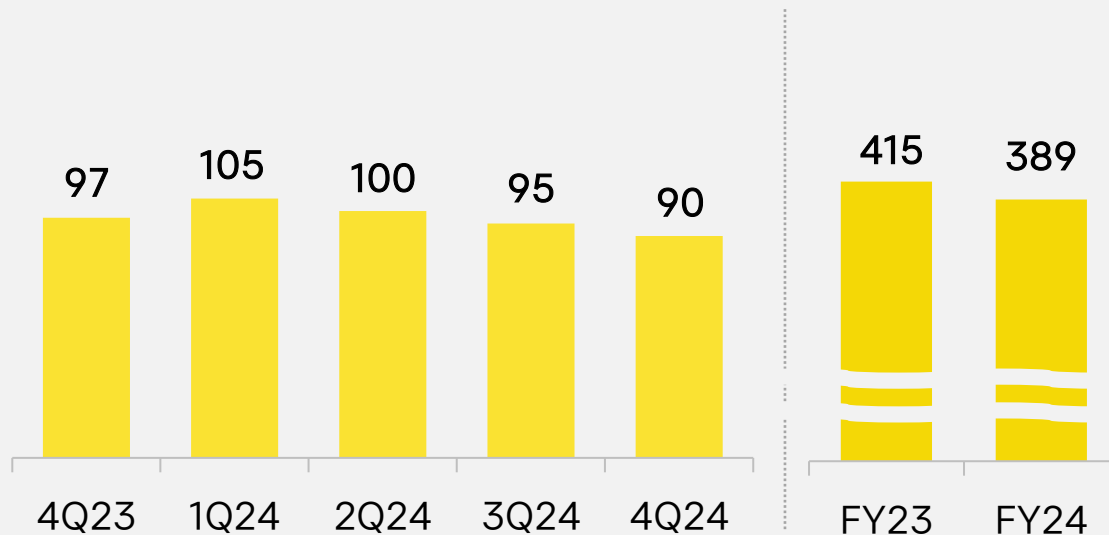


4Q24 -3% YoY, -9% QoQ | FY24 -6% YoY

- (in Yen) GMV +4% YoY, -8% QoQ,
Revenue +2% YoY, -5% QoQ
- (YoY) Strong performance from anchor IPs including
〈Solo Leveling : Ragnarok〉
- (QoQ) Revenue decline due to low seasonality, but
increase in profitability
- No. 1 in total app revenue in Japan for two years

Entertainment

(in bn KRW)

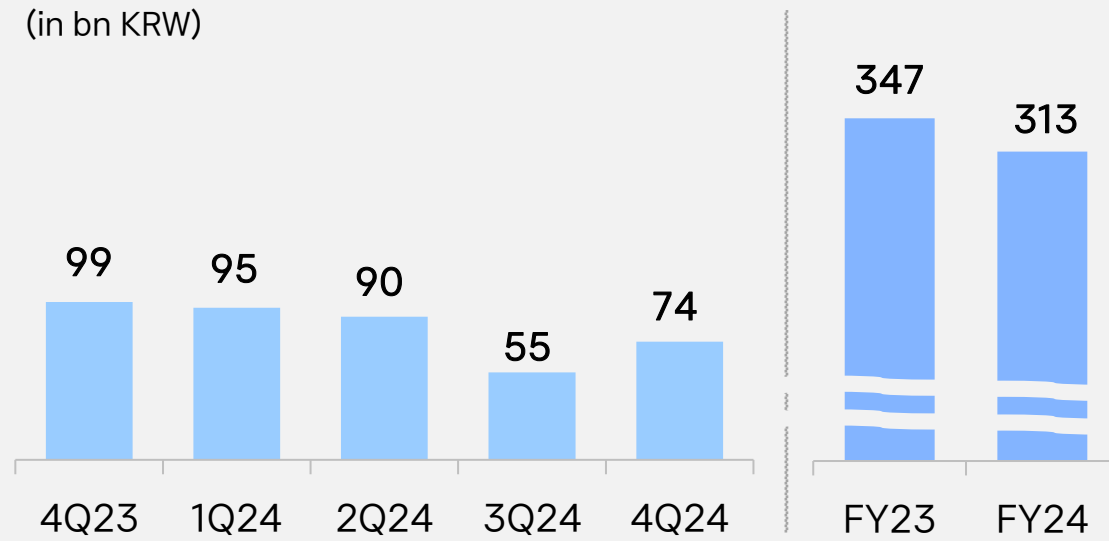


4Q24 -8% YoY, -5% QoQ | FY24 -6% YoY

- (YoY/QoQ) Despite successful secondary adaption
releases such as 〈When the Phone Rings〉, 〈Light
Shop〉, external factors intensified traffic
concentration on live content

Media

(in bn KRW)



4Q24 -25% YoY, +35% QoQ | FY24 -10% YoY

- (YoY) Slowdown in market led decline in production
- (QoQ) Increase in number of revenue-recognized titles

Earnings Summary

(in bn KRW)	4Q23	3Q24	4Q24	YoY	QoQ	2023	2024	YoY
Total Revenue	1,999	1,921	1,959	-2%	2%	7,557	7,874	4%
Platform	957	943	1,049	10%	11%	3,554	3,903	10%
Talk Biz	538	507	563	5%	11%	1,982	2,106	6%
Portal Biz	88	76	83	-6%	9%	344	332	-4%
Platform-Others	331	360	403	22%	12%	1,228	1,464	19%
Content	1,042	978	910	-13%	-7%	4,003	3,971	-1%
Game	232	234	163	-30%	-30%	1,010	873	-14%
Music	498	471	470	-6%	-0.1%	1,724	1,920	11%
Story	213	219	203	-5%	-7%	922	864	-6%
Media	99	55	74	-25%	35%	347	313	-10%
OPEX	1,838	1,791	1,852	1%	3%	7,096	7,382	4%
Operating Profit	161	131	107	-34%	-18%	461	491	7%
OPM	8.0%	6.8%	5.4%	-2.6%pt	-1.3%pt	6.1%	6.2%	+0.1%pt
Net Profit	(1,917)	79	(277)	CR	TR	(1,817)	(44)	CR
Controlling Interests	(1,112)	106	(132)	CR	TR	(1,013)	149	TB
Non-controlling Interests	(805)	(27)	(145)	CR	CR	(804)	(193)	CR
Net Profit Margin	-	4.1%	-	-	-	-	-	-

Operating Expenses

(in bn KRW)	4Q23	3Q24	4Q24	YoY	QoQ	2023	2024	YoY
Operating Expenses	1,838	1,791	1,852	1%	3%	7,096	7,382	4%
Labor	472	459	467	-1%	2%	1,860	1,886	1%
Cost of Revenue	714	748	744	4%	-1%	2,986	3,108	4%
Outsourcing / Infrastructure	257	194	199	-23%	3%	835	791	-5%
Marketing	104	105	103	-1%	-3%	406	406	-0.04%
Depreciation & Amortization	210	211	246	17%	17%	751	862	15%
Misc.	80	74	94	17%	27%	258	330	28%

4Q Analysis

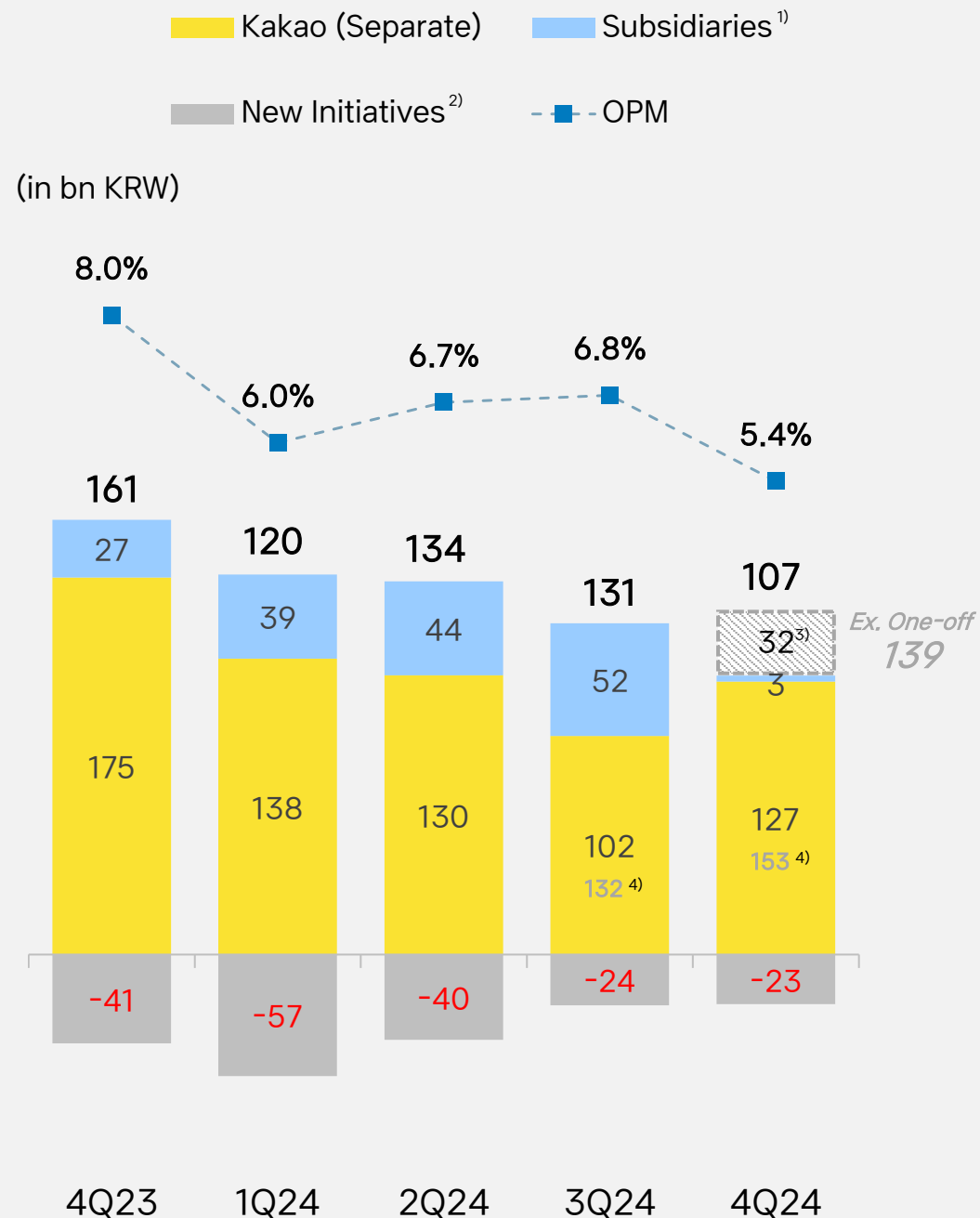
- Labor (YoY/QoQ) Maintained conservative head-count
- Cost of revenue (YoY) Low base effect from SM Entertainment commission fee account reclassification ¹⁾
- Outsourcing / Infrastructure (YoY) High base effect from SM Entertainment commission fee account reclassification ¹⁾
- Marketing (YoY/QoQ) Maintained efficient marketing spend
- Depreciation & Amortization (YoY/QoQ) One-off cost booked by Kakao Pay reclassified from 3Q24 non-operating expenses to operating expenses under bad debt expense

1) Reclassified SM commission fees within the cost of revenue to labor and outsourcing/infrastructure costs, with the full-year impact reflected in 4Q23

Profits

Operating Profit(M)

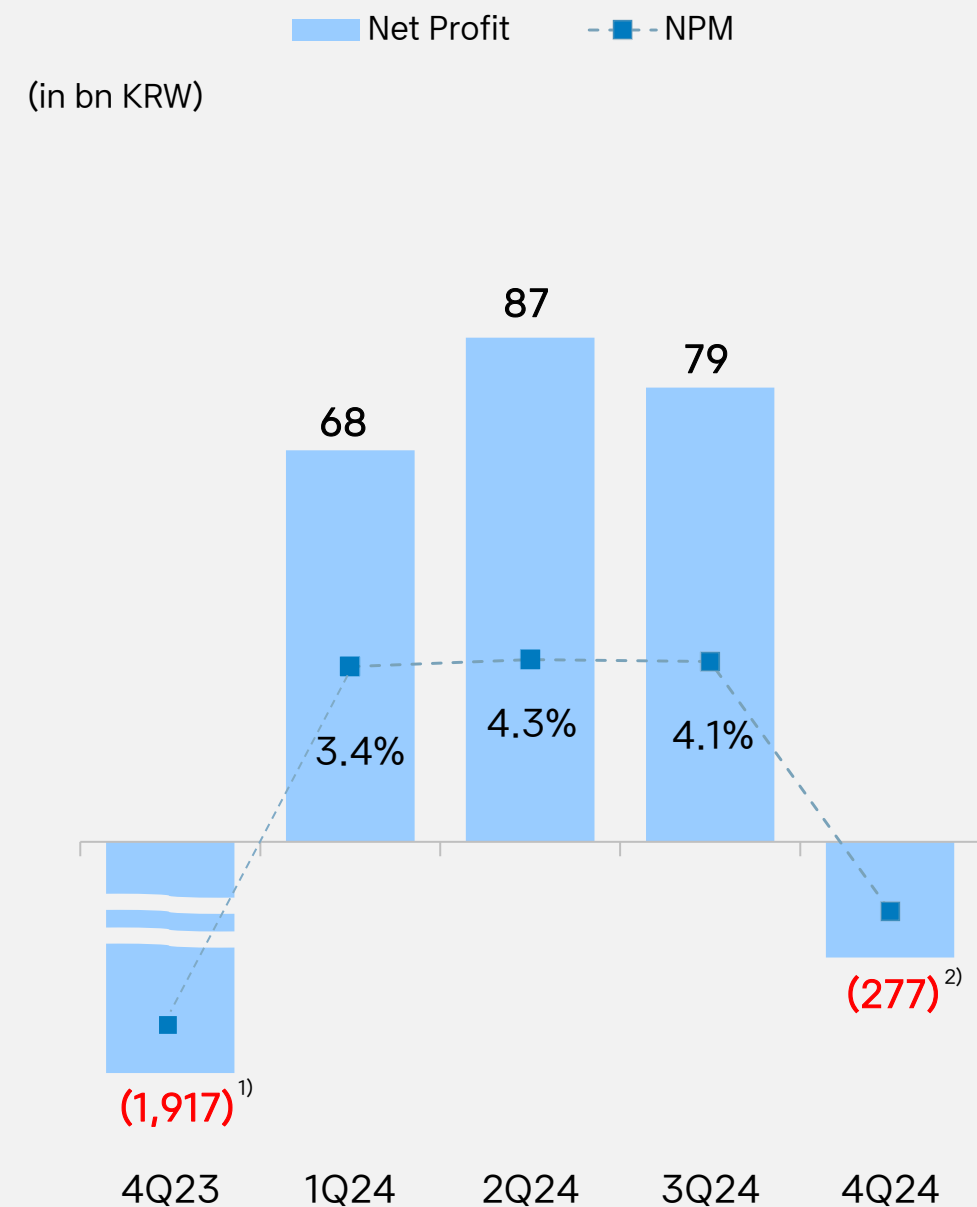
4Q24 -34% YoY, -18% QoQ



- 1) Subsidiaries: All business segments ex. Kakao & New Initiatives
 2) New Initiatives: Kakao Enterprise, Kakao Healthcare
 3) 31.5 bn one-off cost booked by Kakao Pay
 4) Kakao standalone operating profit excluding impact of Kakao Brain

Net Profit(M)

4Q24 CR YoY, TR QoQ



- 1) 4Q23 : Impairment of goodwill (1.4 tn) and PPA impairment (270 bn)
 2) 4Q24 : Impairment of goodwill (227 bn) and equity-method stock impairment losses (80.8 bn)

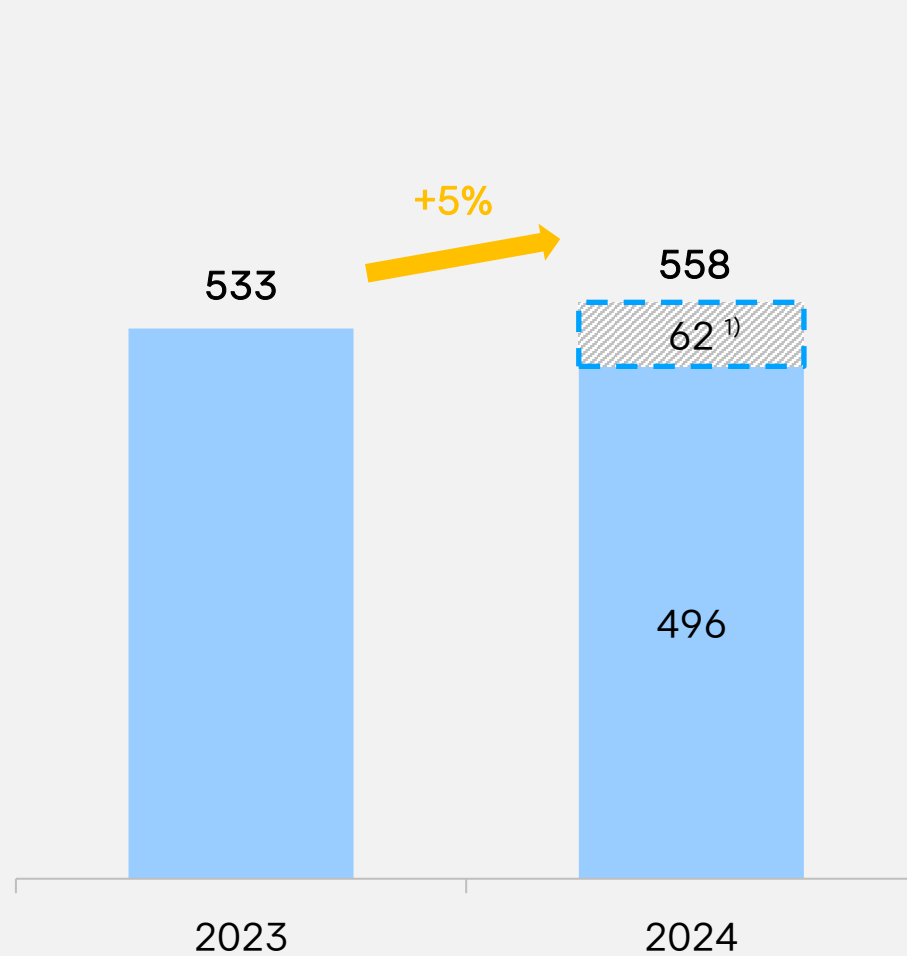
Profits (Core-biz)

Despite active AI investments, solid profits secured through core-biz growth

Separate Operating Profit

(in bn KRW)

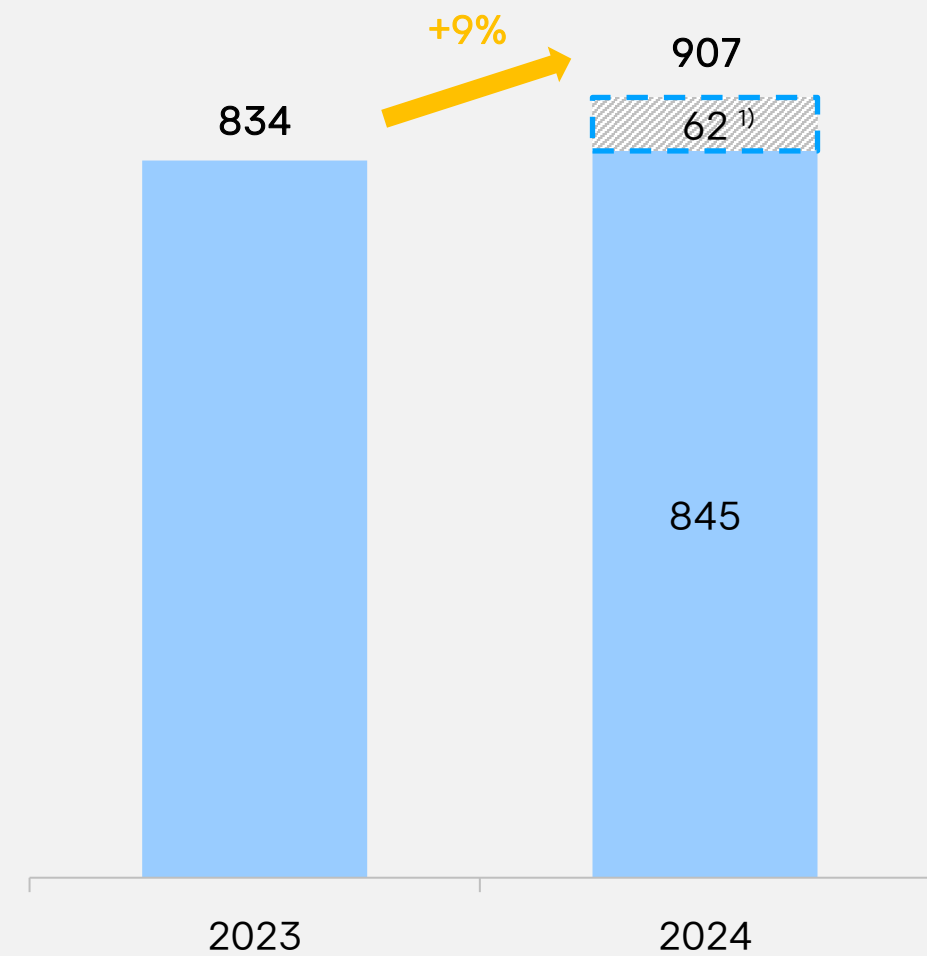
■ Separate Operating Profit ■ Kakao Brain



Separate Adjusted EBITDAR²⁾

(in bn KRW)

■ Separate EBITDAR ■ Kakao Brain



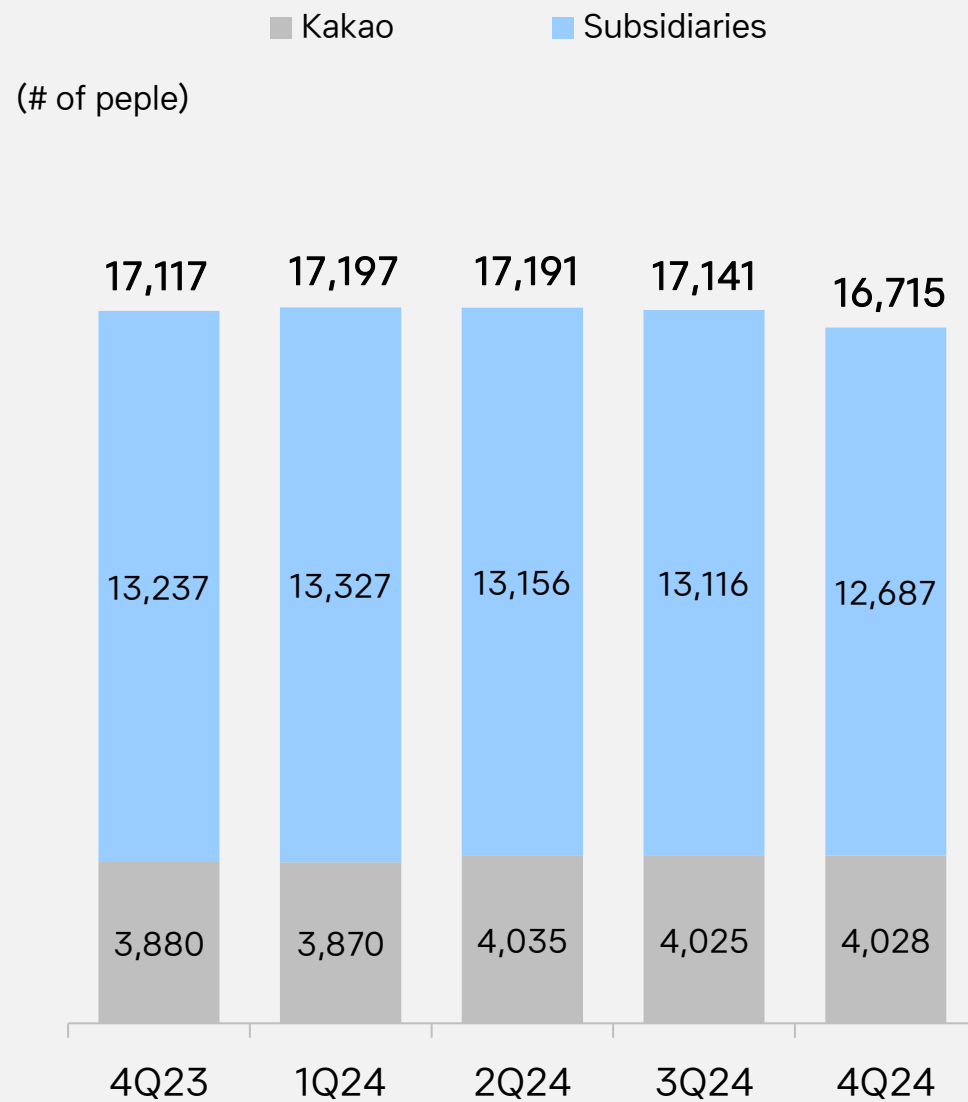
1) Kakao Brain accumulated expenses (62.1bn) from June to Dec 2024

2) Adjusted EBITDAR: EBITDAR + stock-based compensation

Employees / CapEx

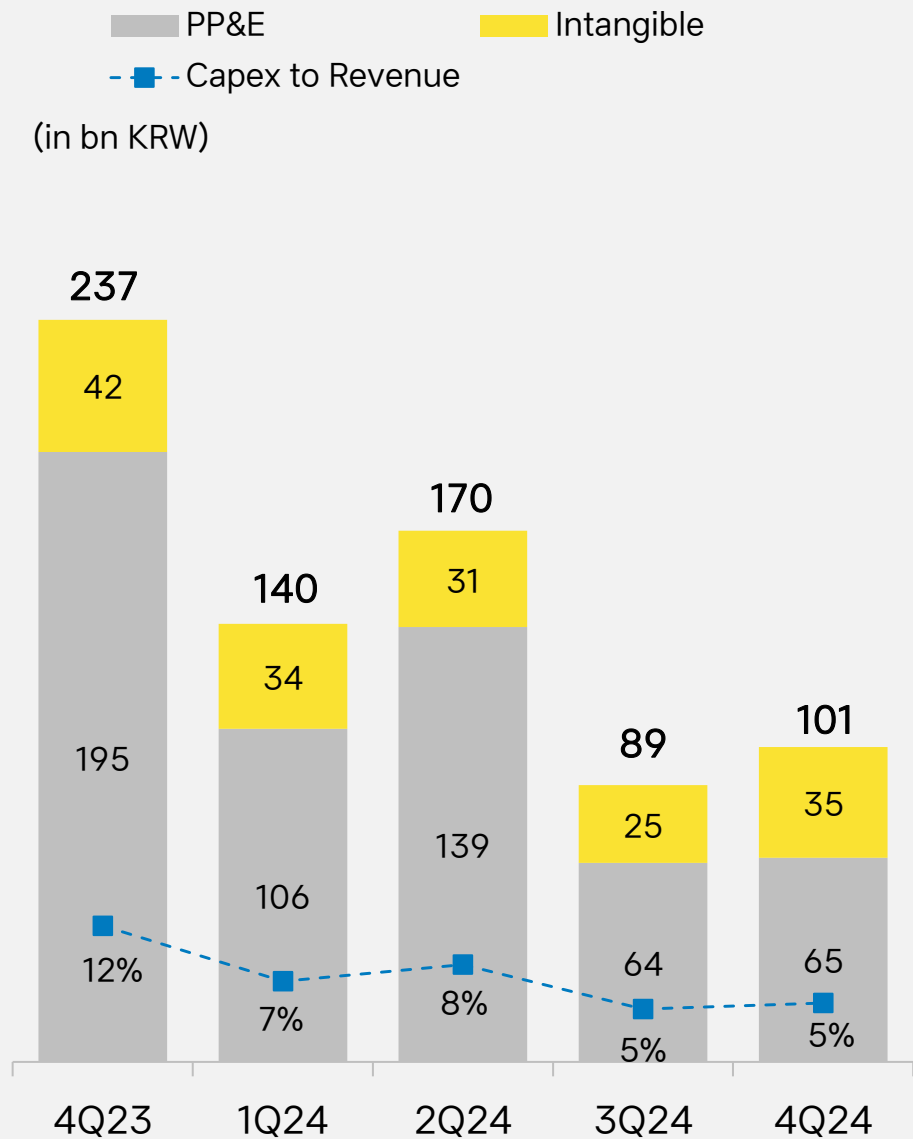
Employees

Subsidiary divestments and conservative hiring -402 YoY, -426 QoQ



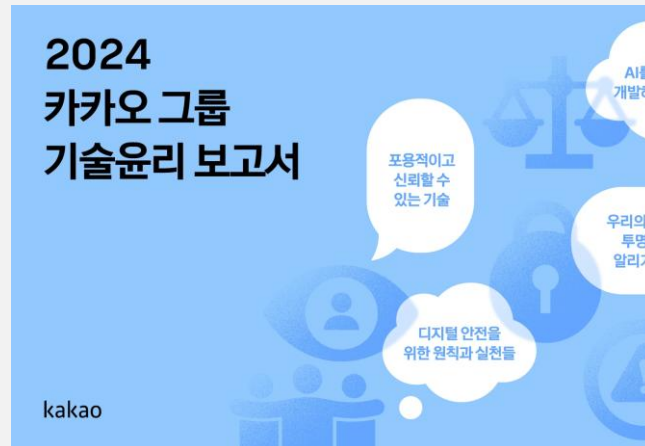
CapEx

Impact of in-house data center construction and AI investments -126 bn YoY, Increase in content IP-related intangible assets +12 bn QoQ



- 1) PP&E : Assets under construction related to data centers and machinery such as server networks
- 2) Intangible : Goodwill and other intangible assets including video production and distribution rights of story content

ESG Activities



Published 2024 Kakao Group Tech Ethics Report

- Established three key tech ethics policies: New Kakao AI ethics provisions, Core checklist for safe AI, Internal Guideline for generative AI usage
- Executed 40 tech ethics initiatives in 2024, focusing on safety, transparency, fairness, and privacy



Awarded '2024 Korea Co-Growth Grand Prize'

- Provided digital training, Talk Channel messaging support, marketing assistance through 'Dangol Project'
- Supported SMB digital transition, creating 2,800 new Talk Channels and gathering 730k channel friends



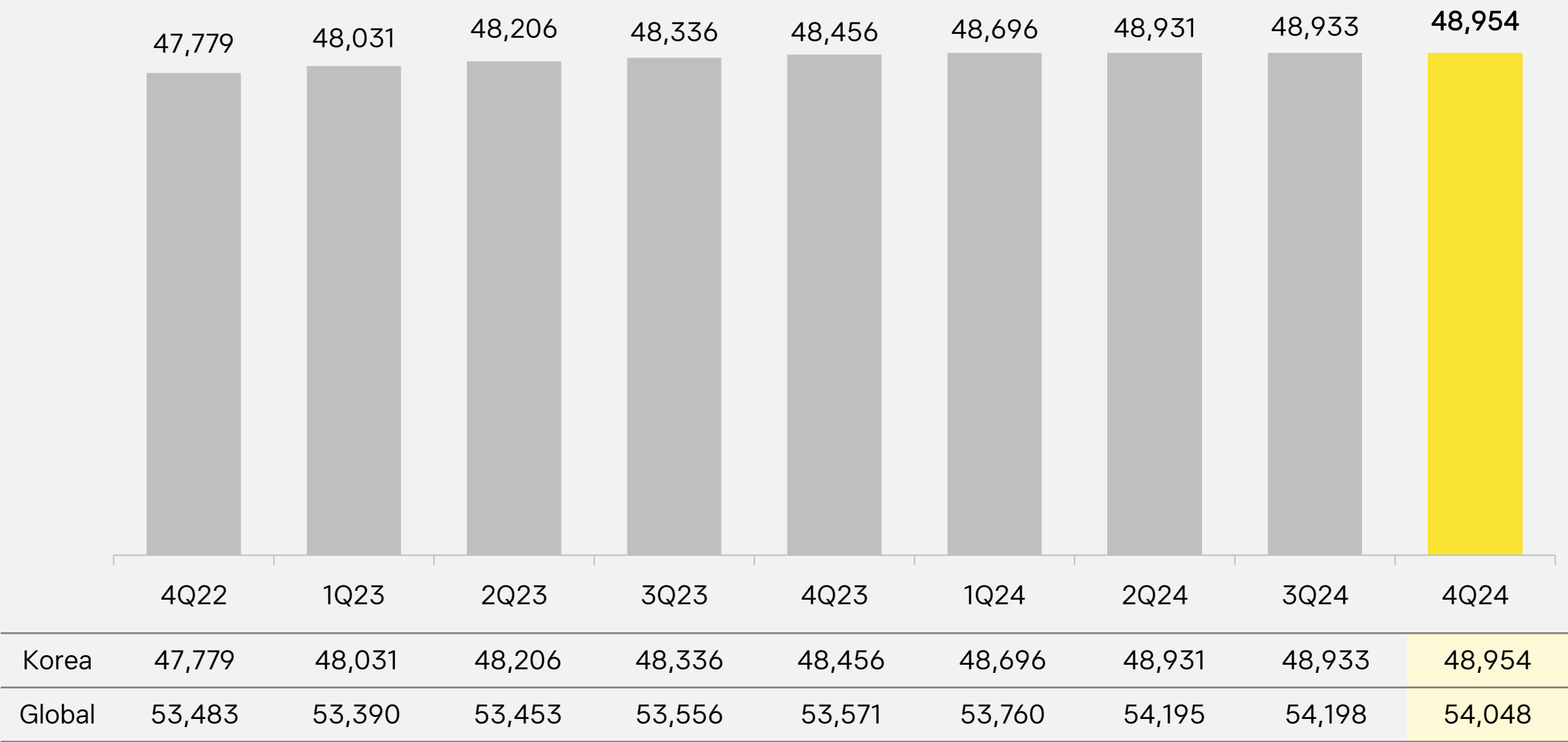
Obtained 'ISO 22301' certification for BCMS

- Global-level business continuity management with proven resilience in incident and disaster response
- Established a robust system for rapid response and recovery in incidents and disasters, from risk identification through service impact analysis to crisis response

KakaoTalk MAU

Maintaining a stable 49 million domestic MAU

(in thousands)



Average of monthly MAUs. Global includes domestic MAUs.

Thank You

