

kakao

Company Presentation

May 2025 | Kakao Investor Relations



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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



NEW INITIATIVES

kakaoenterprise cloud
kakaohealthcare healthcare

CONNECTED SERVICES

57.2%⁽¹⁾
kakaomobility
taxi-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

40.7%⁽¹⁾
kakaogames
mobile / PC games

Note: (1) Subsidiary ownership ratio refers to the simple sum of equity stakes held by consolidated subsidiaries. (Kakao's direct ownership: Kakao Piccoma 73%, SM Entertainment 21.2%)
(2) All entities are consolidated subsidiaries but for Kakaobank (equity method accounting).

1Q 2025 Results Summary

- Consolidated revenue of 1.86 trillion KRW (YoY -6%), and OP of 105.4 billion KRW (OPM 5.7%), due to seasonality in the Platform business and a gap in new IP releases from Content business.
- Core Business Talk Biz (KakaoTalk Ads + Commerce) grew +7% YoY to 553 billion KRW
- Biz Message +11% YoY with continuous double-digit growth; Commerce +12% YoY on self-gifting and holiday curation
- 1Q confirmed as annual low; earnings to improve from 2Q with revenue growth and cost efficiency

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' tab (tentative) and AI-based services to expand user engagement and unlock new monetization opportunities across advertising and commerce
- AI: Following the CBT of standalone app 'Kanana', KakaoTalk will sequentially introduce in-app AI services; separately, co-developed AI service with OpenAI is targeted for release within the year

Balancing Growth and Financial Stability

- Build a sound cost structure that supports long-term financial stability over short-term cost savings
- Focus on ROE improvement through strategic resource allocation

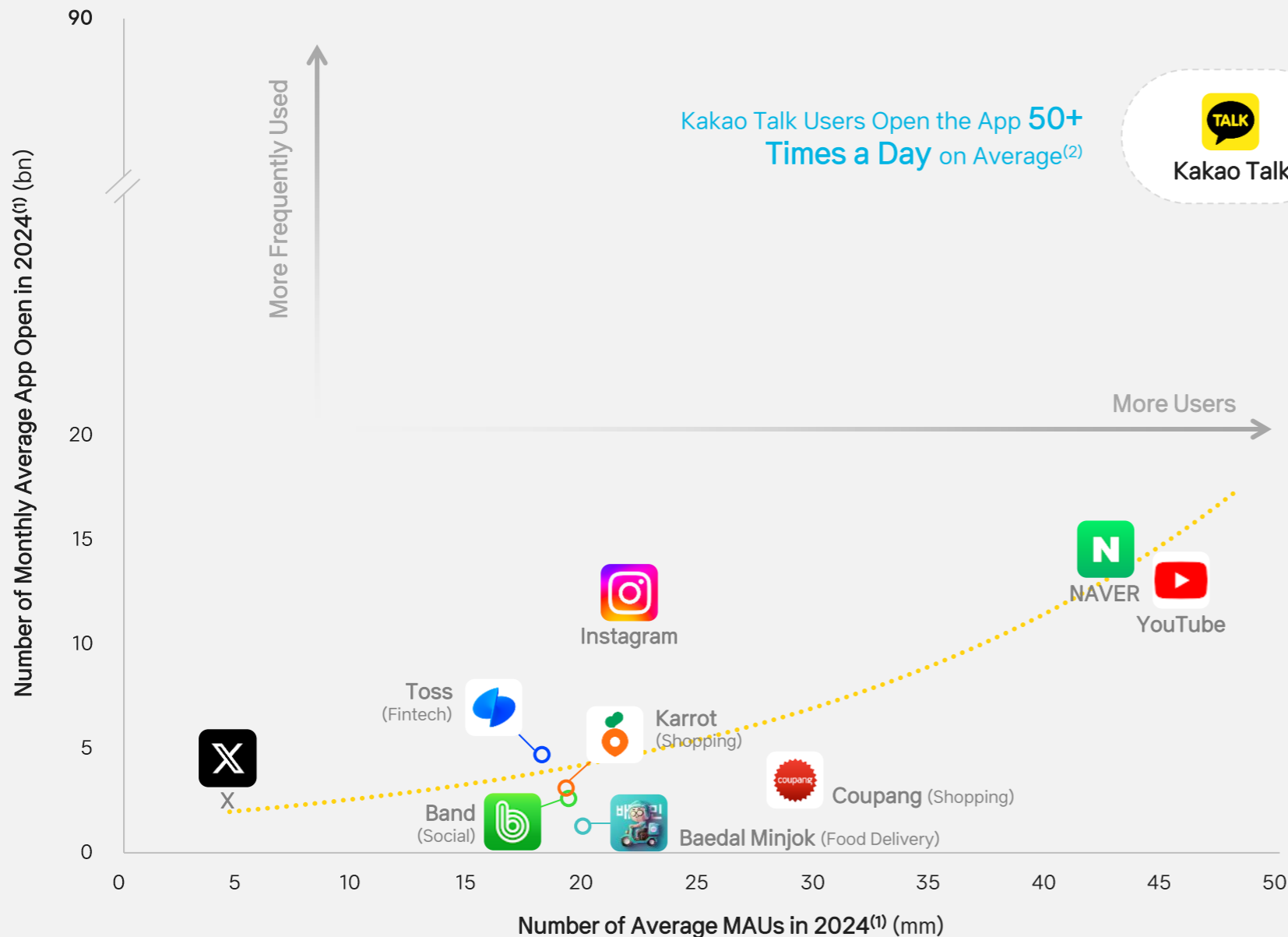
Key Guidance and Strategy Highlight

- 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 (No. of affiliates: 147 in May '23 → 115 in May '25 → 104 post-Neptune divestment)
- 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

2024 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 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 2024 for Android and iOS, except for X (MAU as of 1H 2024 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 MAU as of Q1 2025 and the total population of Korea.

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



Core Business Centered on KakaoTalk

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

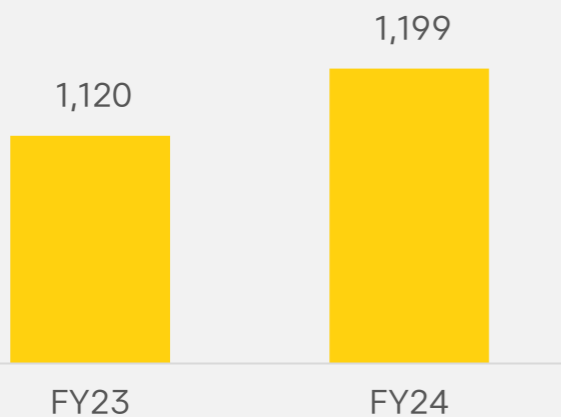
KRW242 tn
Online Retail TAM⁽⁴⁾

4% Share
E-Commerce



Kakao Talk's Advertising Revenue Growth (KRW bn)

+7% CAGR



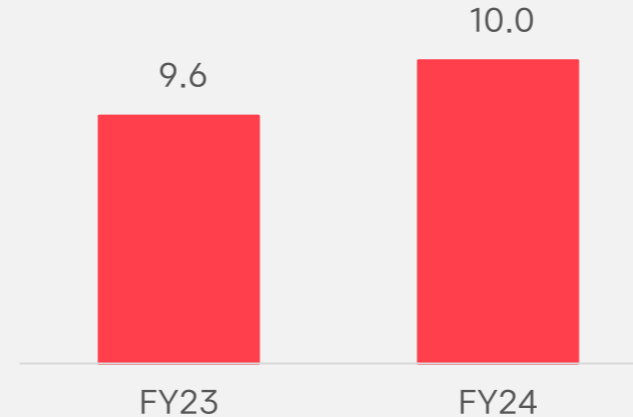
Key Growth Initiatives

- Focus on Enhancement of KakaoTalk Engagement
- Maintained Growth Momentum with Unique Products & High ROAS
- Discover New Revenue Stream incl. AI, beyond advertising and commerce



Kakao's E-Commerce GMV Growth (KRW tn)

+4% YoY



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

The Kakao Group's Business Ecosystem

Leadership Across Key Verticals With Continued Business Model Innovation

Mobility

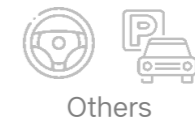
kakaomobility

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

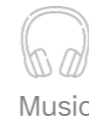
kakao ENTERTAINMENT
SM ENTERTAINMENT GROUP

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

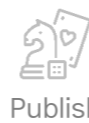
kakaogames

Top 5

Game Publisher

PC/Console

Game IP Expansion



Secure game IPs with **global potential**



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

Tech-Fin

kakaobank
kakaopay

No. 1

Internet Bank

KRW 167 tn

FY2024 Total Payment Volume



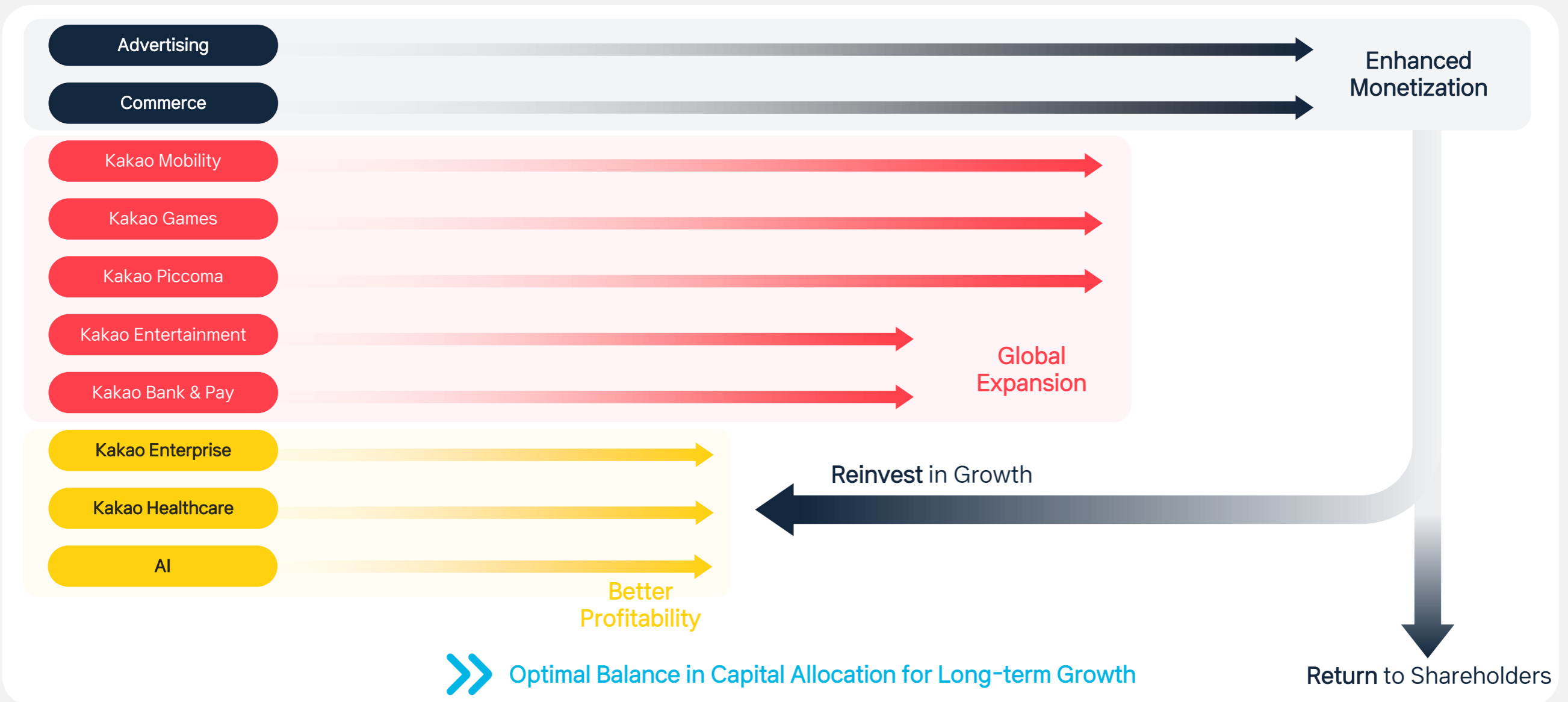
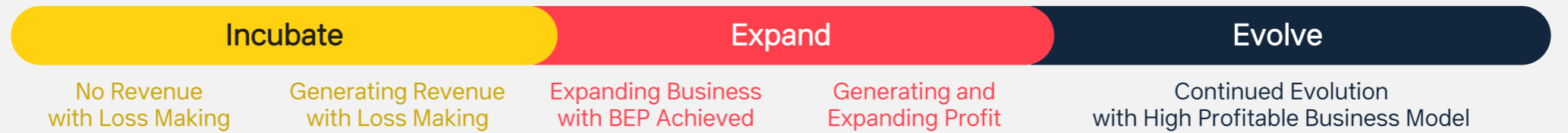
Deepen **penetration across all age demographics** & increase revenue mix of low-cost deposits



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

Source: Company Information, Korea's Fair Trade Commission, Sensor Tower.

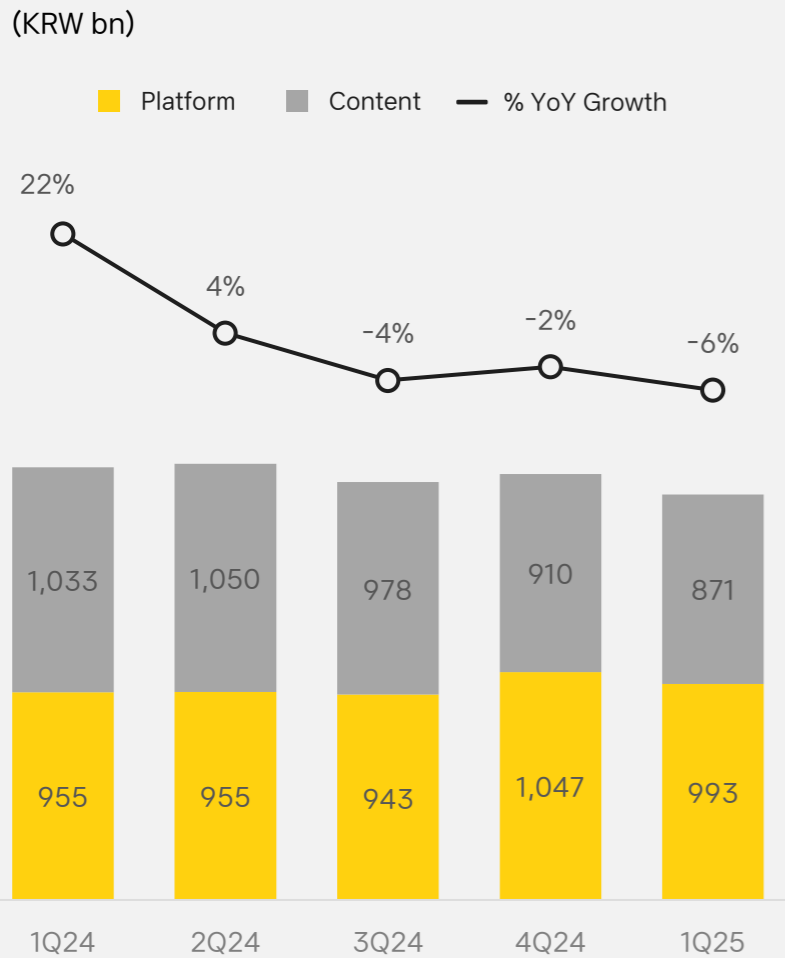
Operating on the Full Range of Growth Cycle



Key Financial Performance

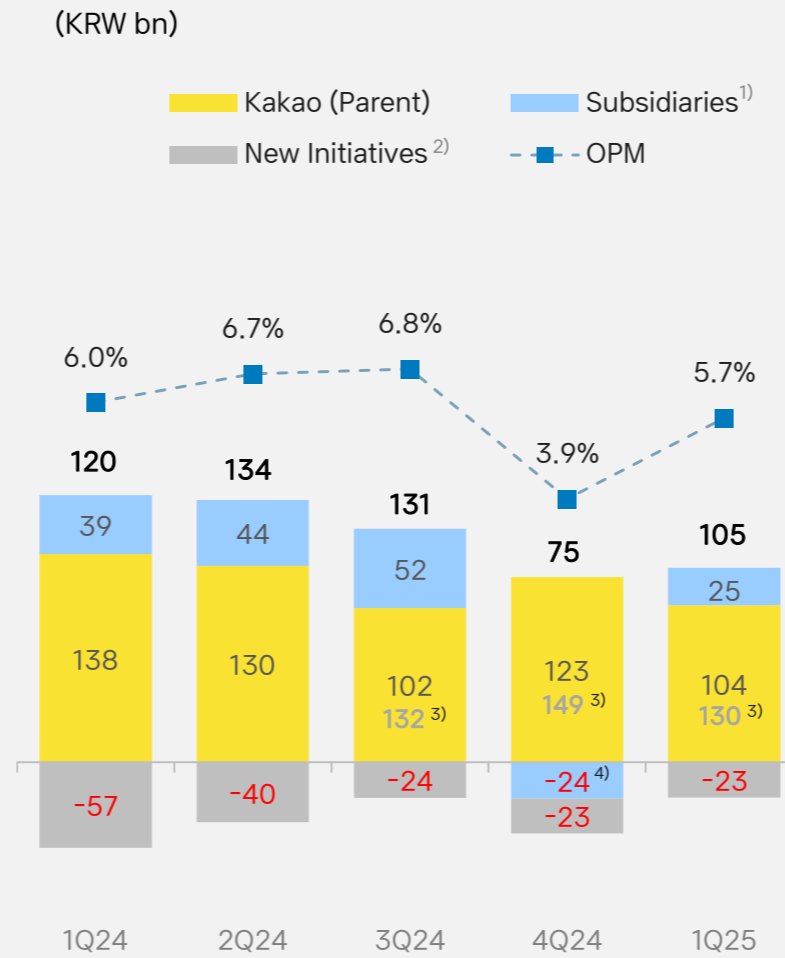
Robust platform growth with sustained high profitability from core business

Revenue



- YoY revenue declined due to **platform off-season and lack of new IP releases**
- **Talk Biz grew 7% YoY** on solid ads & commerce
- **Content expected to recover** gradually with stronger IP strategy

Operating Profit(M)



- **Achieved cost efficiency** through conservative hiring and marketing cost optimization
- **Targeting profit improvement** driven by revenue growth and cost efficiency from Q2

1Q25 Highlights



TalkBiz Ads

(1Q25 +3% YoY, -11% QoQ)

Business messaging continued solid growth (+11% YoY)
Strengthening growth drivers with a new product launch



TalkBiz Commerce

(1Q25 +12% YoY, +13% QoQ)

Self gifting (+28% YoY)

Expanding from purpose-Driven to discovery Commerce



TalkBiz Maintains High Profitability

(1Q25 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) Kakao standalone operating profit excluding impact of Kakao Brain. (4) Turned to a loss due to recognition of extra labor cost at a subsidiary.

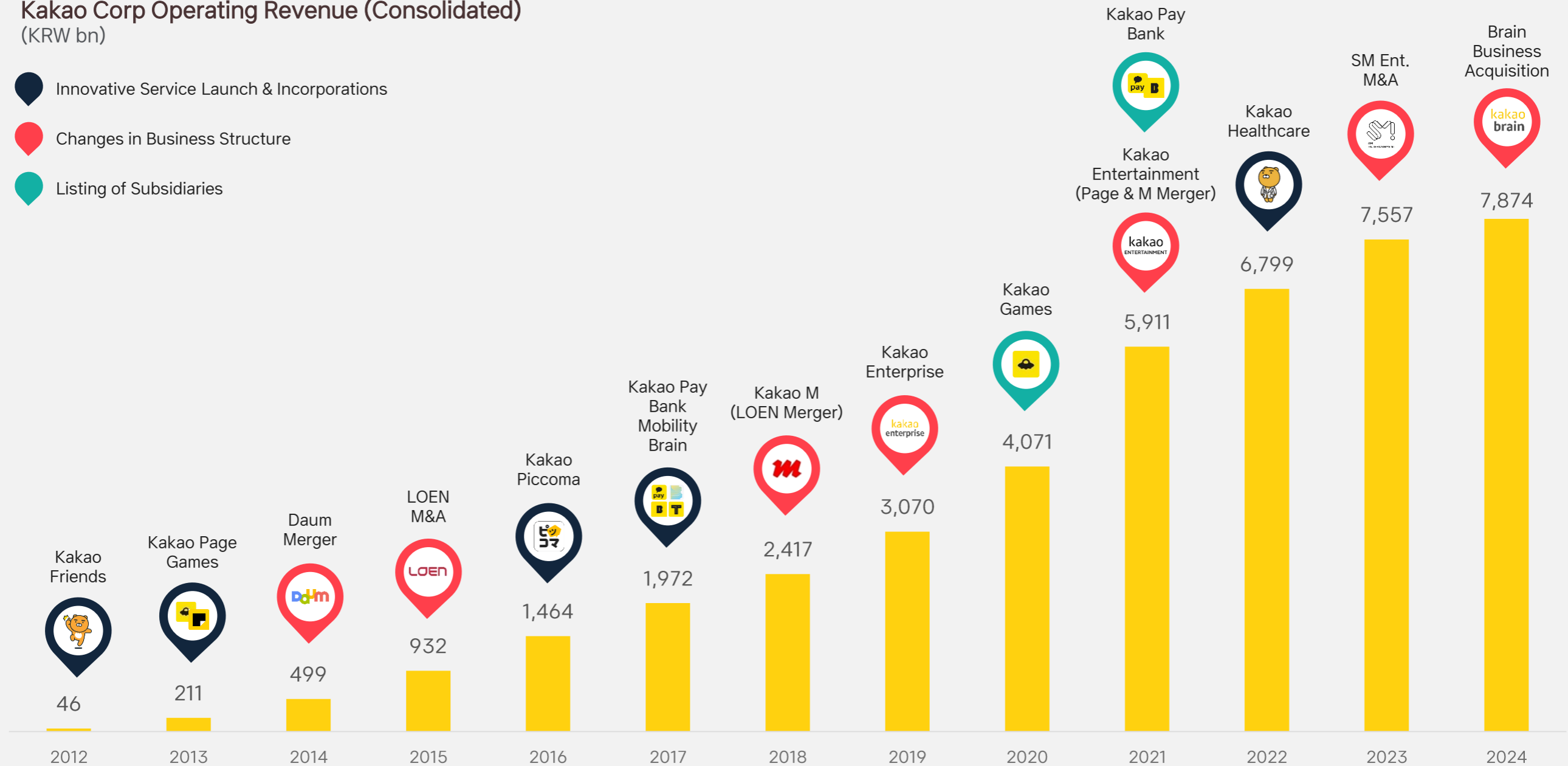
Appendix

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


Environment



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

MSCI 

Rated A (2024)
From MSCI ESG ratings

 한국ESG기준원

Grade A (2024)
From KCGS ESG ratings

 S&P Global

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

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

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.

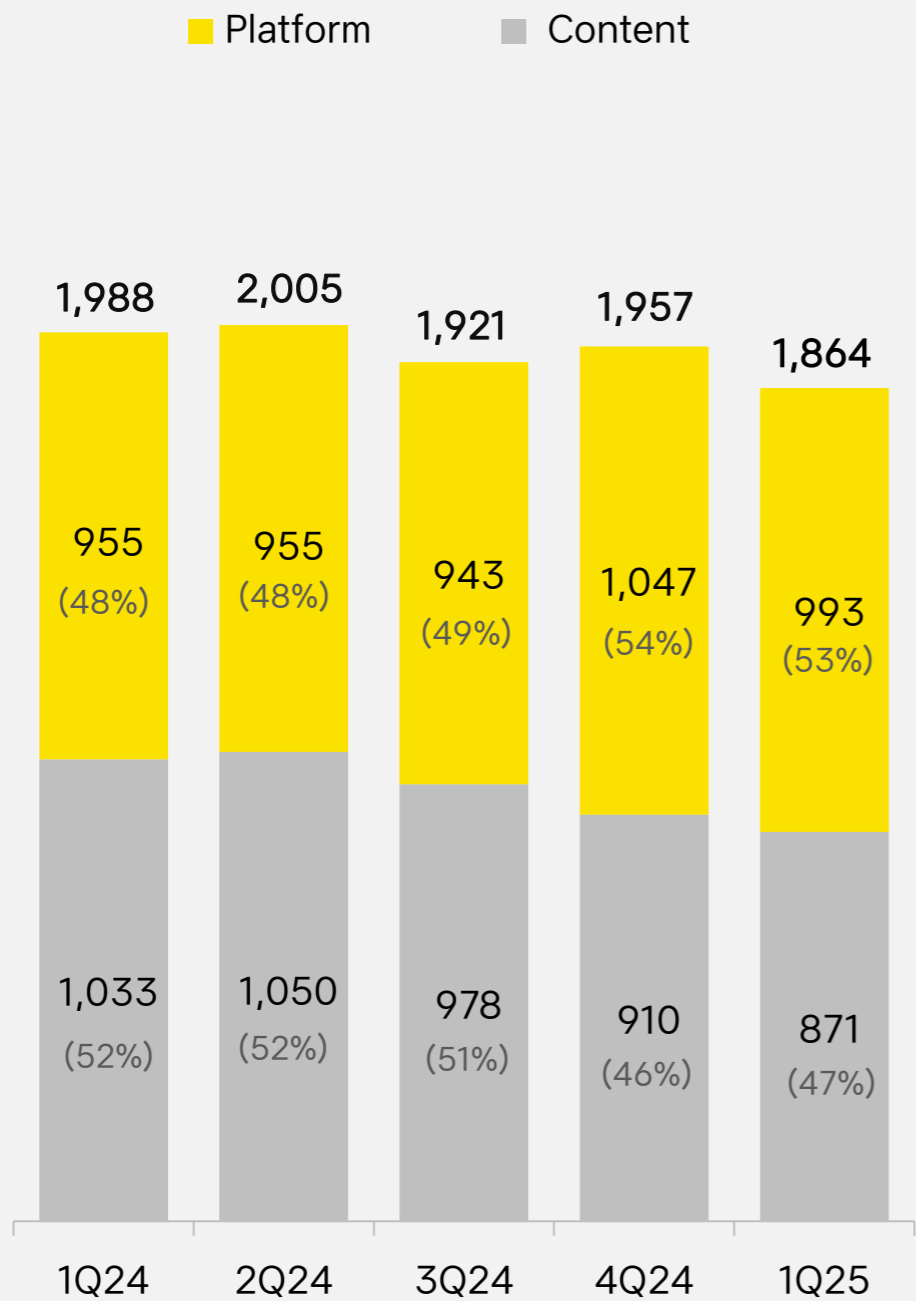
Q1 2025 Earnings Results

Revenue

Q1 Revenue -6% YoY / -5% QoQ

Q1 MIX : Platform 53%, Content 47%

(in bn KRW)



Revenue Breakdown		
Platform	Talk Biz	Advertising : Bizboard, Talk Channel, Emoticon
		Commerce : Gift, Store, Kakao Friends Online
	Portal Biz	Daum PC / Mobile Kakao Story / Style / Page Other Subsidiaries' Ad
	Platform-Others	Mobility Pay Enterprise Makers ¹⁾ Healthcare Other Subsidiaries
Content	Game	Mobile PC Other
	Music	SM Entertainment Melon Digital Music Distribution Album Distribution Music Production
	Story	Entertainment Piccoma
	Media	Video Production Talent Agency

1) Reclassified Makers from Talk Biz/Commerce to Platform-Others from 1Q24

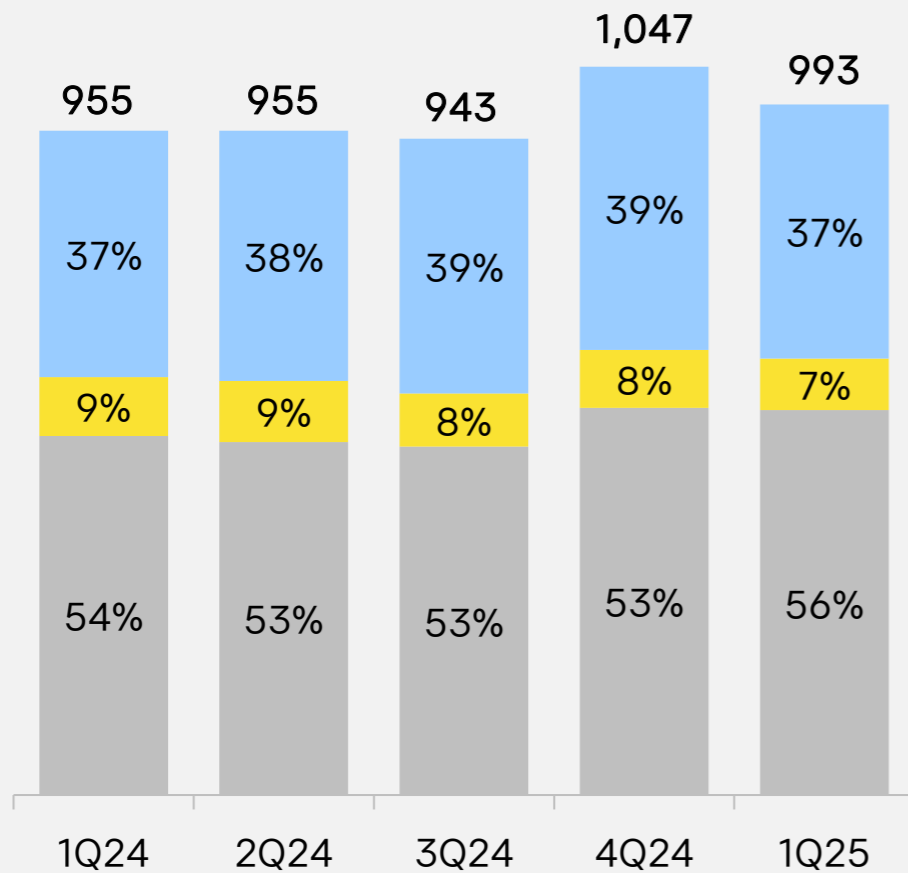
Revenue

Platform

1Q25 +4% YoY, -5 QoQ

(in bn KRW)

■ Talk Biz ■ Portal Biz ■ Platform-Others

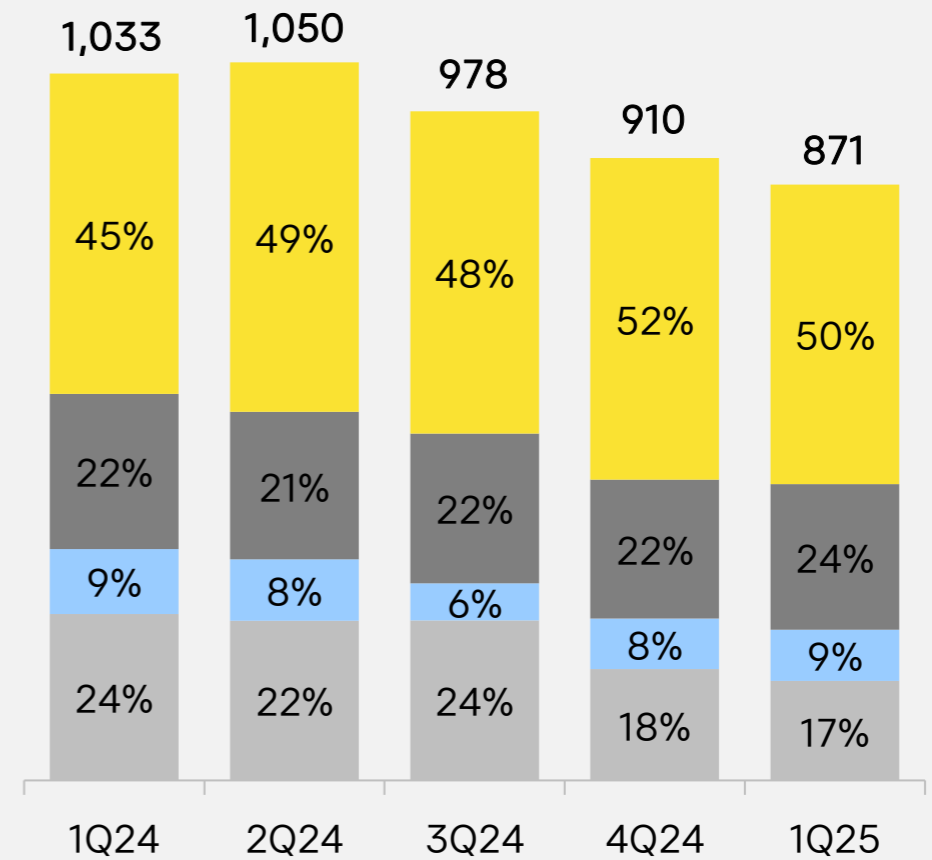


Content

1Q25 -16% YoY, -4% QoQ

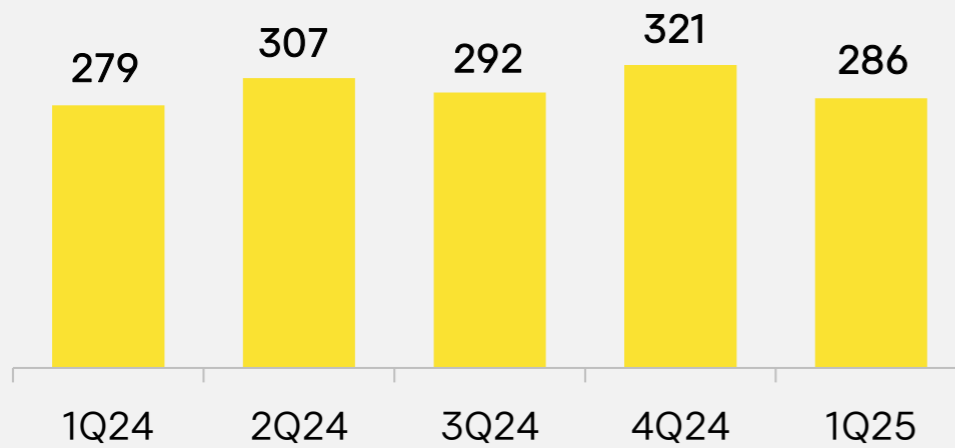
(in bn KRW)

■ Game ■ Media ■ Story ■ Music



Advertising

(in bn KRW)

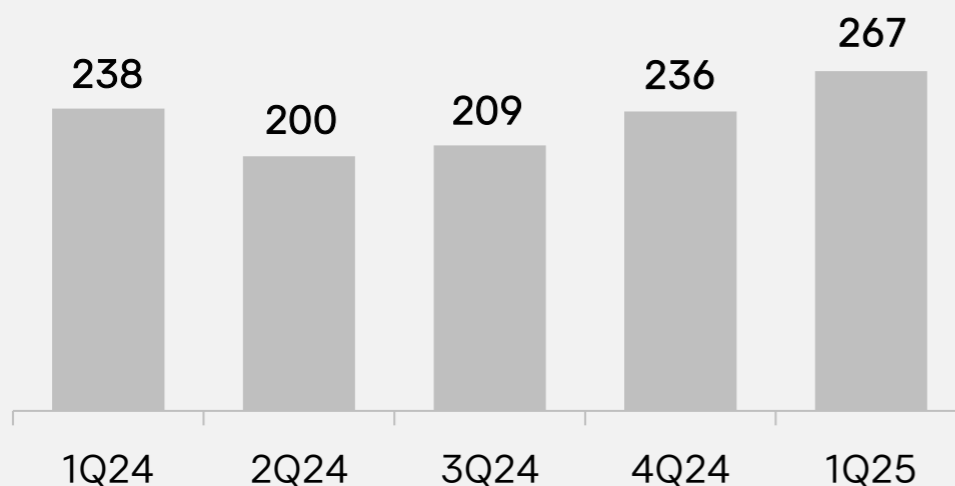


1Q25 +3% YoY, -11% QoQ

- (YoY) Solid performance in business messaging, despite extended Lunar New Year holidays and sluggish commerce/fashion sectors
- (QoQ) Low seasonality

Commerce

(in bn KRW)



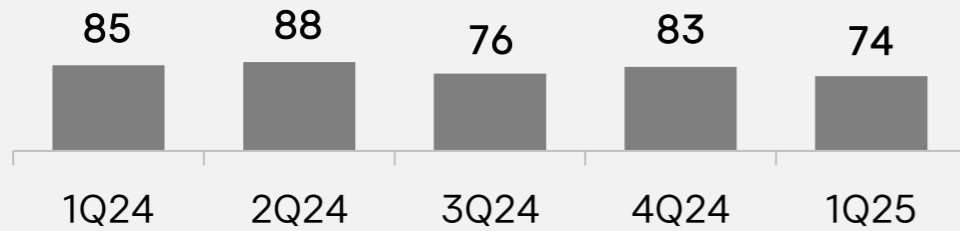
1Q25 +12% YoY, +13% QoQ

- Total Commerce GMV: 2.6tn, +3% YoY, -2% QoQ
- Talk Gift GMV: +4% YoY, +5% QoQ
- (YoY/QoQ) Optimized gift curation for Lunar New Year and expanded self-purchase promotions
- Stronger revenue growth led by increased 1P sales and mix improvement from high-margin Kakao Shopping Live

Platform | Portal, Others

Portal Biz

(in bn KRW)

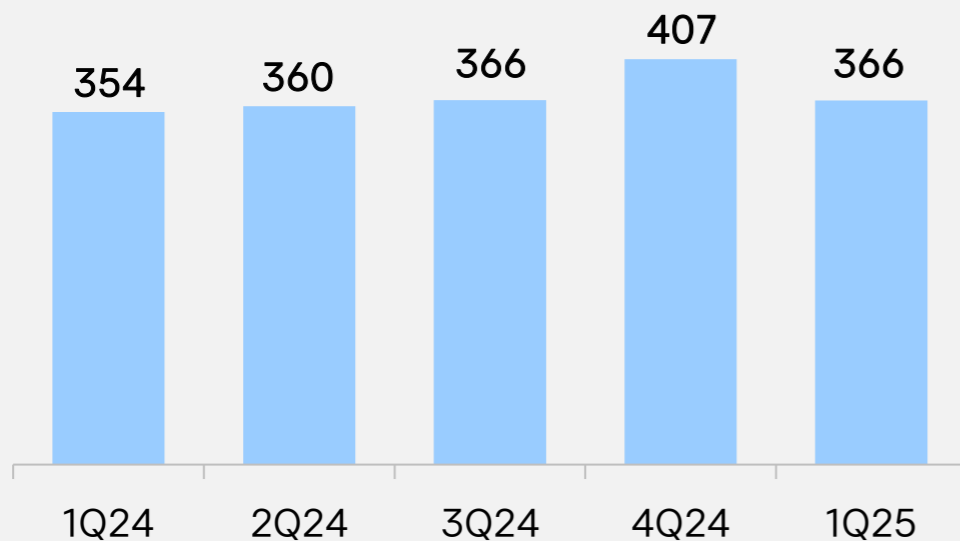


1Q25 -12% YoY, -11% QoQ

- (YoY) Decrease in traffic due to reduced news accessibility after app revamp
- (QoQ) Low seasonality

Platform-Others

(in bn KRW)



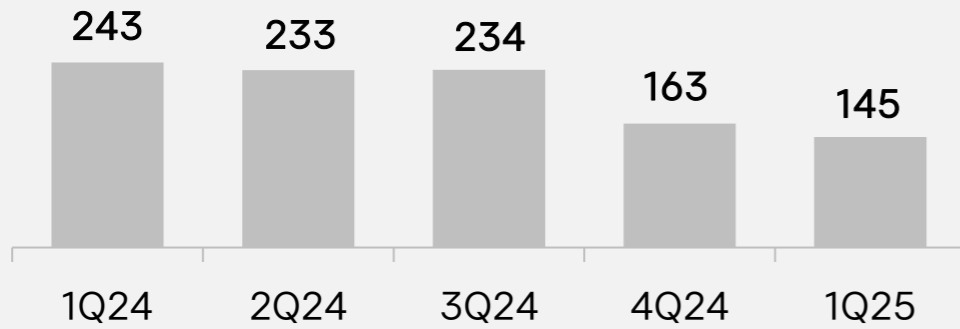
1Q25 +3% YoY, -10% QoQ

- **Mobility** : Domestic travel demand contracted as overseas travel increased during Lunar New Year holidays
- **Pay** : Sustained double-digit revenue growth, first quarterly operating profit driven by Pay Securities and cost optimization

Content | Game, Music

Game

(in bn KRW)

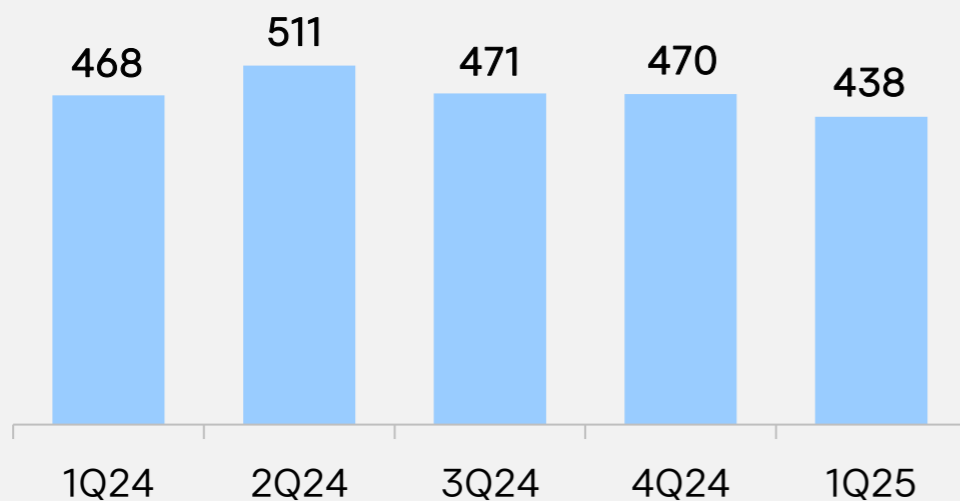


1Q25 -40% YoY, -11% QoQ

- (YoY/QoQ) Low revenue contribution from new titles and revenue decline of existing titles

Music

(in bn KRW)

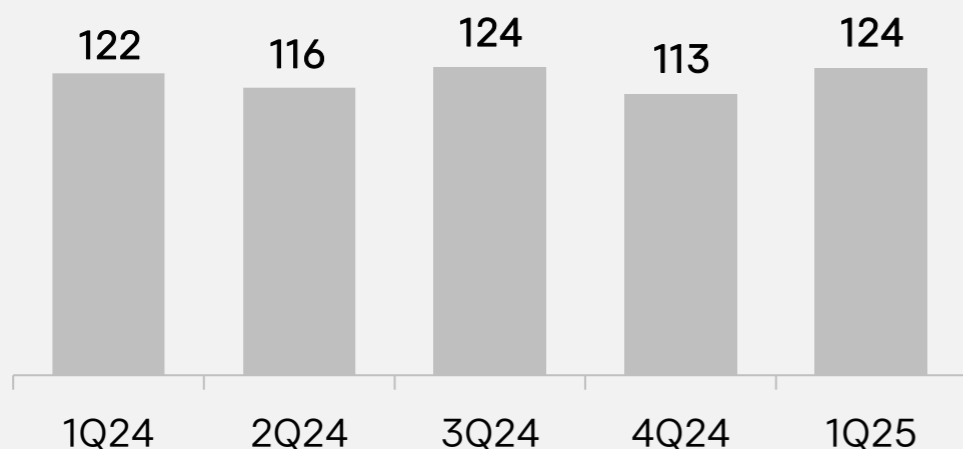


1Q25 -6% YoY, -7% QoQ

- (Label) Enhanced IP line-up with the debut of new K-pop bands despite high-base effect from major IP releases prior year
- (Distribution) Maintained solid No.1 market position
- (Melon) Continuous focus on profitability

Piccoma

(in bn KRW)

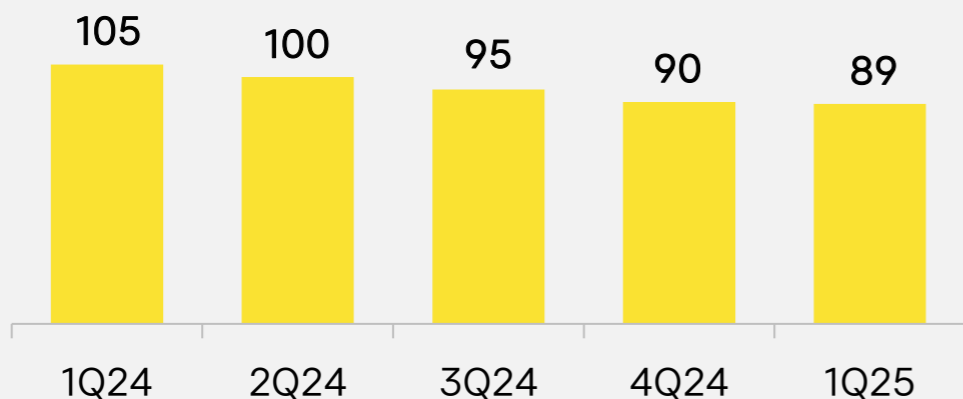


1Q25 +2% YoY, +9% QoQ

- (in JPY) GMV +2% YoY, -1% QoQ
Revenue -2% YoY, +1% QoQ
- (YoY) Decreased revenue due to increase in proportion of net revenue recognizing titles
- (QoQ) Increased paying revenue via efficient marketing
- Double-digit OPM for two consecutive quarters thanks to strategic marketing execution

Entertainment

(in bn KRW)

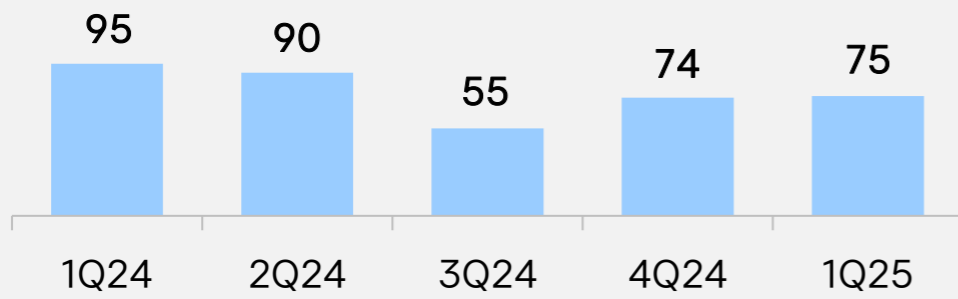


1Q25 -15% YoY, -1% QoQ

- (YoY) Maintained efficient marketing execution
- (QoQ) Thanks to low-base from last quarter and peak seasonality (Lunar New Year)
- Continued IP Enhancement : Web-novel (Under the Oaktree) and its spin-off launched in April

Media

(in bn KRW)



1Q25 -21% YoY, +2% QoQ

- (YoY) Prolonged industry-wide contraction in programming
- (QoQ) Increase in number of revenue-recognized titles

Earnings Summary

(in bn KRW)	1Q24	4Q24	1Q25	YoY	QoQ
Total Revenue	1,988	1,957	1,864	-6%	-5%
Platform	955	1,047	993	4%	-5%
Talk Biz	516	557	553	7%	-1%
Portal Biz	85	83	74	-12%	-11%
Platform-Others	354	407	366	3%	-10%
Content	1,033	910	871	-16%	-4%
Game	243	163	145	-40%	-11%
Music	468	470	438	-6%	-7%
Story	227	203	213	-6%	5%
Media	95	74	75	-21%	2%
OPEX	1,868	1,882	1,758	-6%	-7%
Operating Profit	120	75	105	-12%	40%
<i>OPM</i>	6.0%	3.9%	5.7%	-0.4%pt	+1.8%pt
Net Profit	68	-395	191	182%	TB
Controlling Interests	74	-225	169	129%	TB
Non-controlling Interests	-6	-170	22	TB	TB
<i>Net Profit Margin</i>	3.4%	-	10.2%	6.8%pt	TB

Operating Expenses

(in bn KRW)	1Q24	4Q24	1Q25	YoY	QoQ
Operating Expenses	1,868	1,882	1,758	-6%	-7%
Labor	479	498	479	-0.02%	-4%
Cost of Revenue	820	654	701	-15%	7%
Outsourcing / Infrastructure	202	288	206	2%	-28%
Marketing	89	103	87	-3%	-16%
Depreciation & Amortization	198	246	206	4%	-16%
Misc.	80	93	79	-1%	-15%

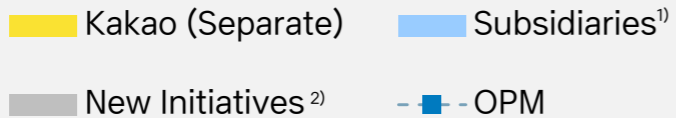
1Q Analysis

- Labor (YoY) Maintained conservative hiring
 (QoQ) High-base effect from recognition of one-off expense by a subsidiary
- Cost of revenue (YoY) Decreased content revenue
 (QoQ) Low base effect from SM Entertainment accounting reclassification
 (Cost of Revenue → Outsourcing/Infrastructure)
- Outsourcing / Infrastructure (QoQ) High base effect from SM Entertainment accounting reclassification
- Marketing (YoY/QoQ) Maintained efficient marketing spend, notably reduced at Piccoma
- Depreciation & Amortization (YoY) Increase in investment in AI and machinery related to self-owned and newly leased data centers
 (QoQ) High base effect from One-off bad debt expense (31.5bn) booked by Kakao Pay

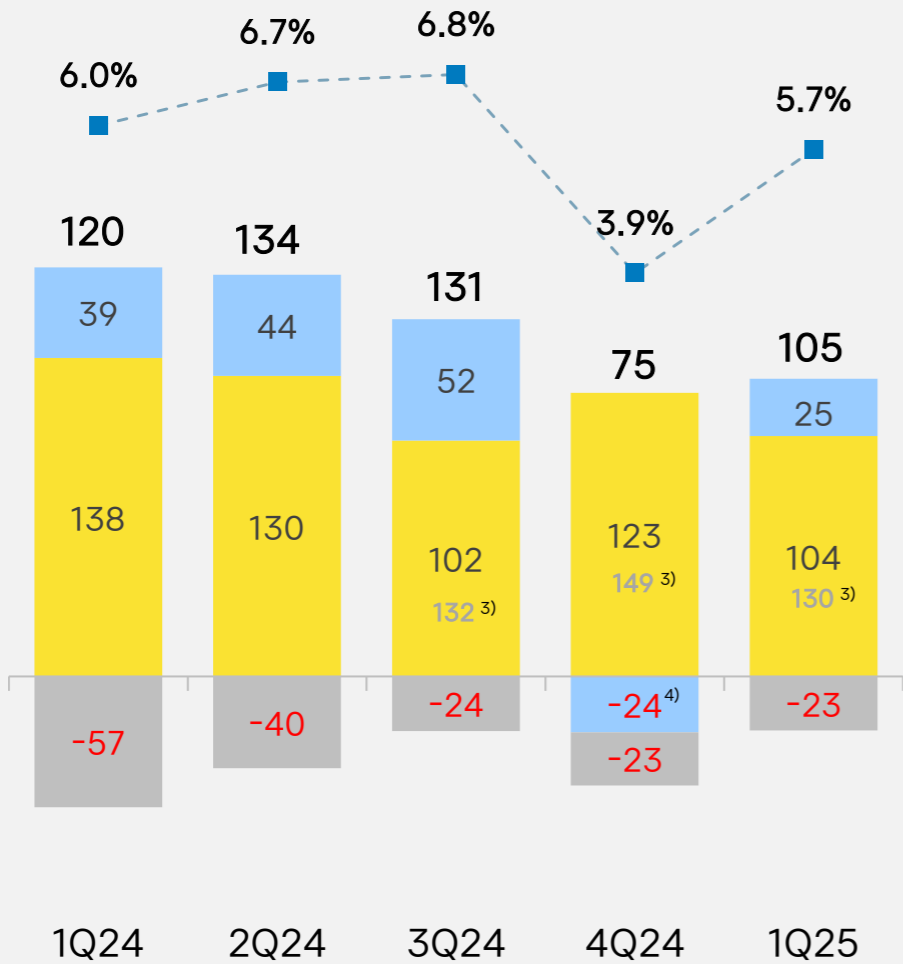
Profits

Operating Profit(M)

1Q25 -12% YoY, +40% QoQ



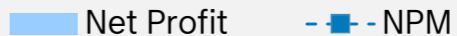
(in bn KRW)



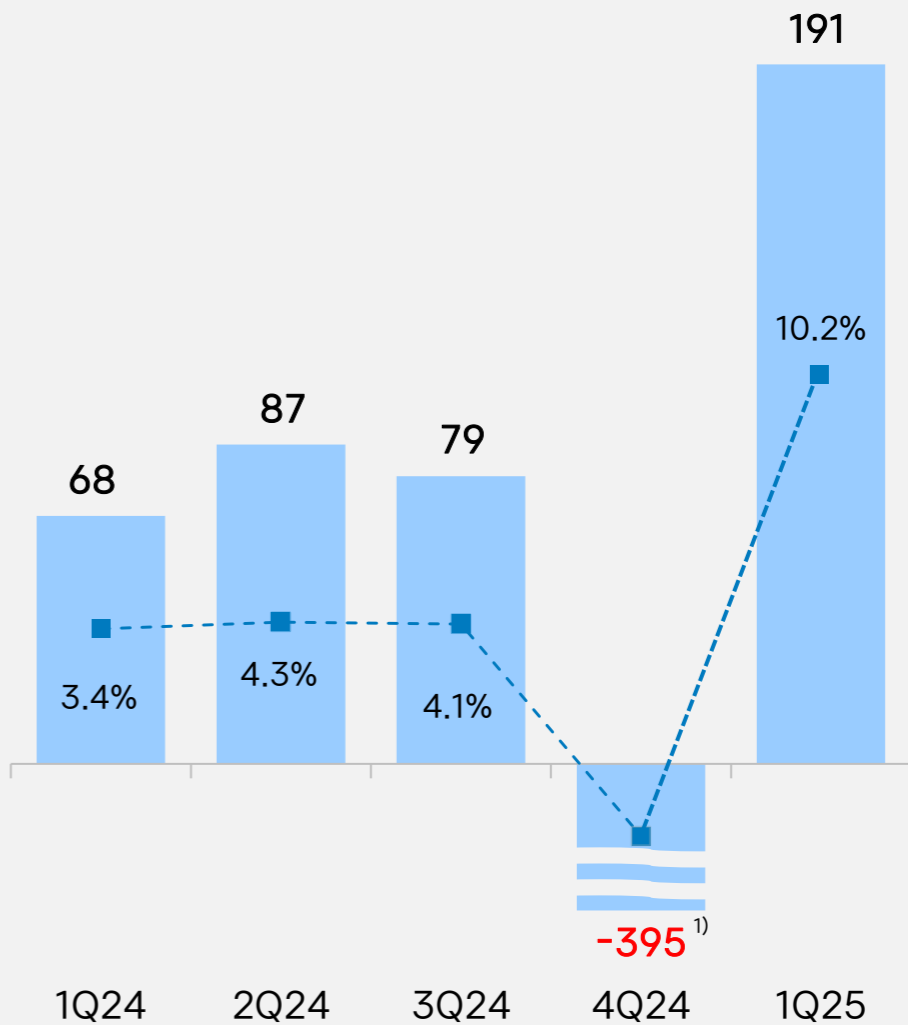
1) Subsidiaries: All business segments ex. Kakao & New Initiatives
 2) New Initiatives: Kakao Enterprise, Kakao Healthcare
 3) Kakao separate-basis operating profit ex. Loss from Kakao Brain
 4) Turn Red due to recognition of extra labor cost after the audit

Net Profit(M)

1Q25 +182% YoY, TB QoQ
 Gain on equity-method disposal (+53.7bn) of DEARU



(in bn KRW)

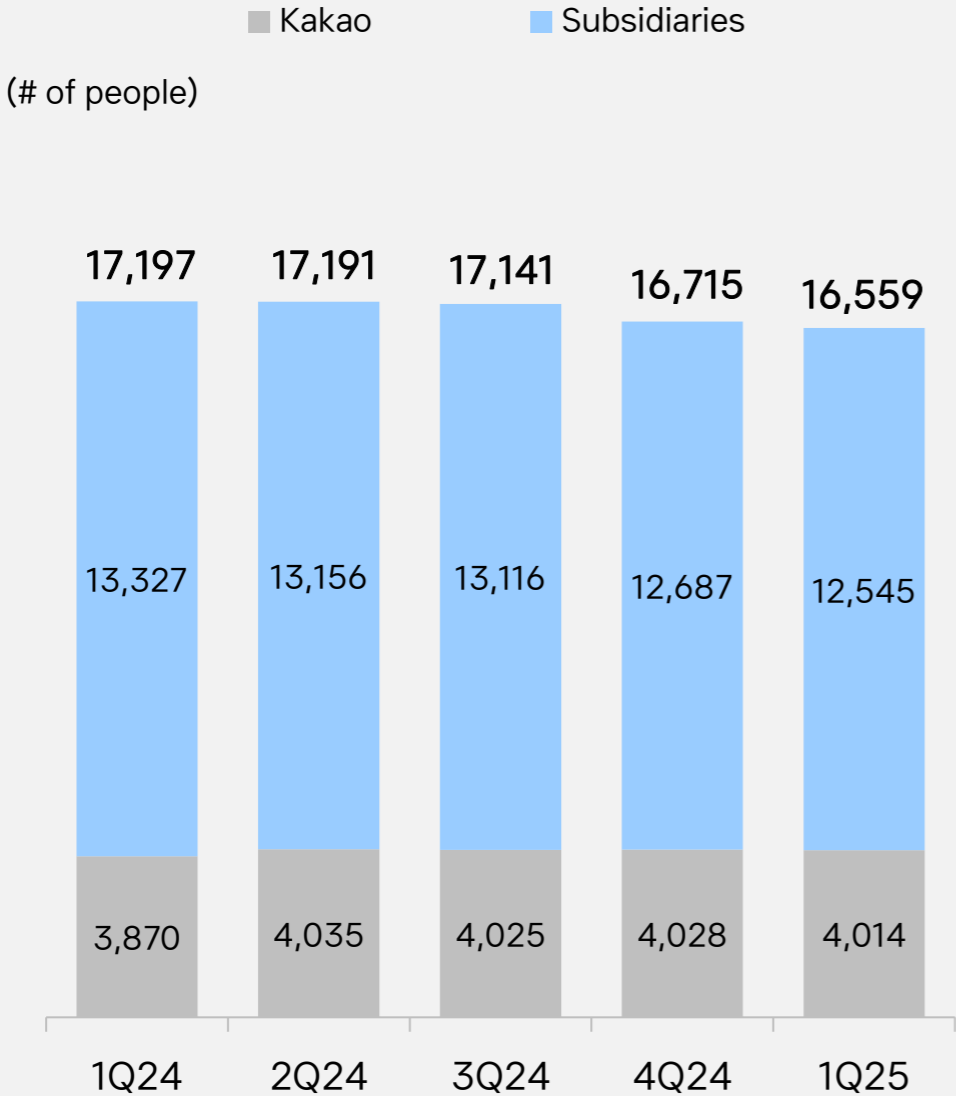


1) 4Q24 : Impairment of goodwill (317.7bn) and equity-method stock impairment losses (98.1bn)

Employees / CapEx

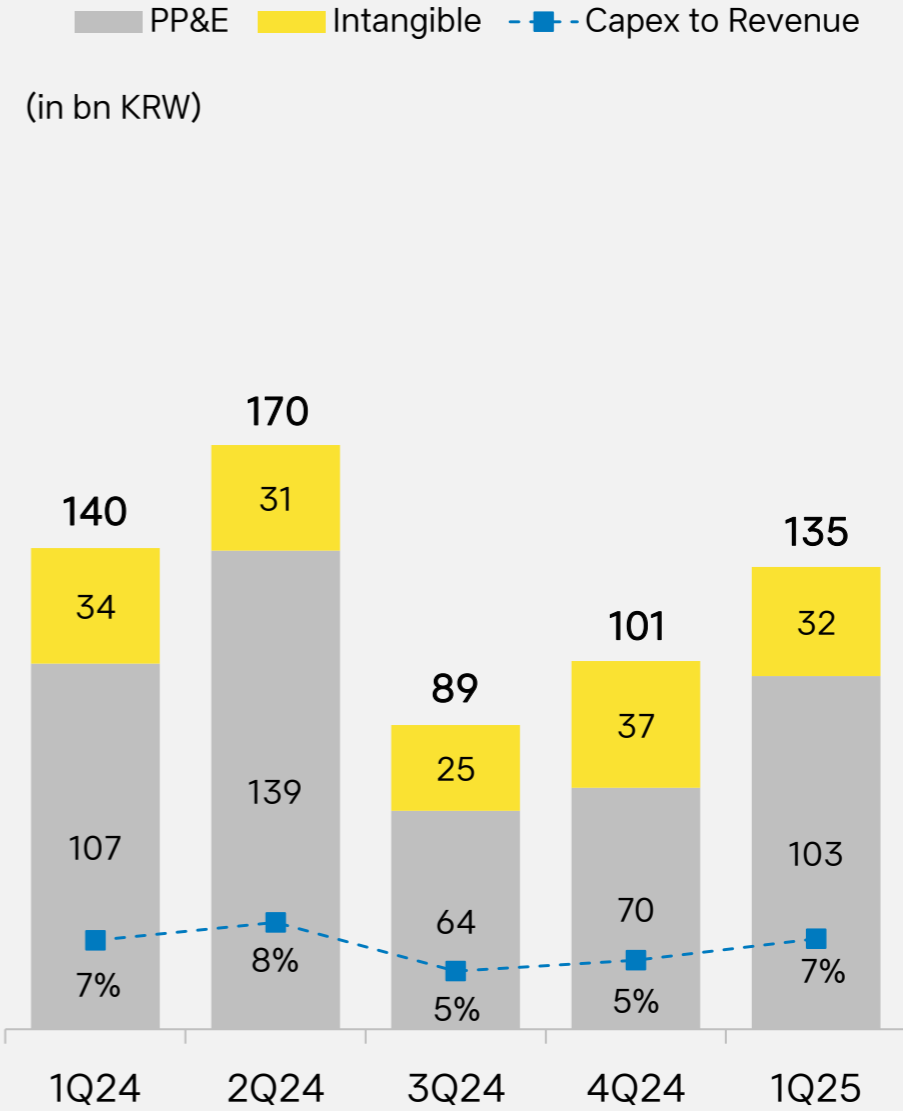
Employees

1Q25 -638 YoY, -156 QoQ
 Subsidiary divestments and conservative hiring



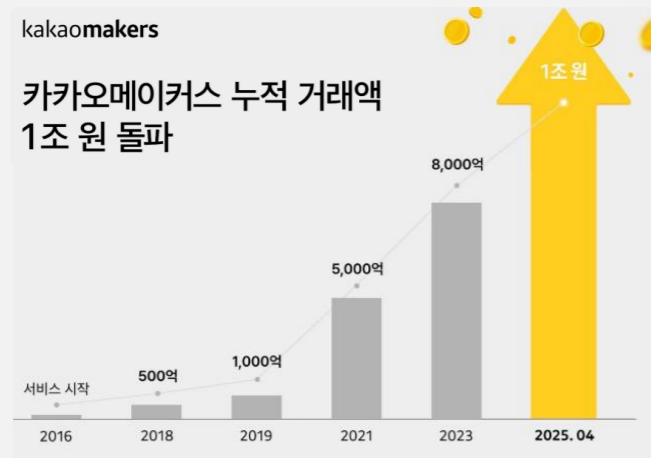
CapEx

1Q25 -5.5bn YoY, +27.4bn QoQ
 PP&E increased QoQ due to AI related new services



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



#산불피해긴급모금

10,757,451,191원

직접 기부금 : 10,049,593,491원
 참여 기부금 : 707,859,200원

👤 1,870,782명 참여

기부하기

Achieved Top Ratings in Global ESG Assessments

- Received "Leadership A" rating for second straight year in CDP's 2024 Climate assessment
- Ranked in top 1% for third consecutive year in S&P Global's Corporate Sustainability Assessment (CSA)

Kakao Makers Surpasses KRW 1 Trillion in Transactions

- Enabled 36.5M product sales with 8,200+ manufacturers and creators, joined by 3M+ users in group orders
- Driving positive social and environmental change by supporting local farms and upcycling resources into new products

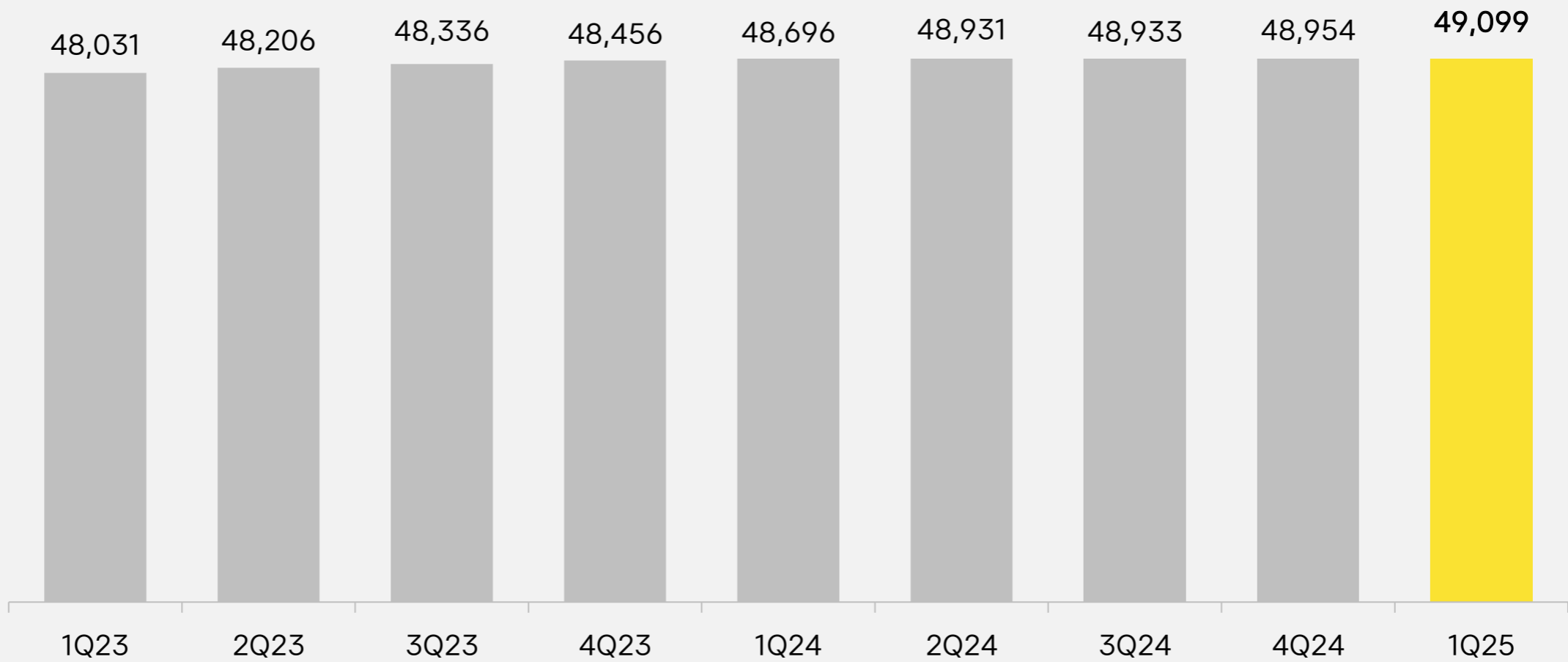
'Kakao Together' Raises KRW 10 Billion for Wildfire Relief

- Emergency fundraising campaign launched for large-scale wildfires in Gyeongnam, Gyeongbuk, and Ulsan
- 1.87 million users joined, and Kakao Corp. pledged to donate KRW 1,000 for every supportive comment

KakaoTalk MAU

Maintaining a stable 49 million domestic MAU

(in thousands)



Korea	48,031	48,206	48,336	48,456	48,696	48,931	48,933	48,954	49,099
Global	53,390	53,453	53,556	53,571	53,760	54,195	54,198	54,048	54,062

Average of monthly MAUs. Global includes domestic MAUs.

Thank You

