COMPANY UPDATE

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Kakao Pay (377300)

4Q review; earnings at securities unit improving

- Kakao Pay reported a 4Q operating profit of KRW20.8b, up 31.8% q-q. Full-year 2025 consolidated operating and net profits hit KRW50.4b and KRW55.7b, respectively, both turning profitable y-y.
- Despite the stagnation of the loan refinancing platform, Kakao Pay enjoyed both quantitative and qualitative improvement in earnings, led by: 1) growth in its core payment business; and 2) robust performance in the stock brokerage segment.
- We maintain a positive view on the stock, despite valuation concerns, supported by: 1) expectations for differentiated earnings growth amid domestic economic recovery; 2) improved earnings performance driven by a strong stock market; and 3) the scalability of its platform.

▶ AT A GLANCE

BUY

Target price	KRW77,000	21.1%
Current price	**KRW63,600**	
Market cap	KRW8.6t/USD5.9b	
Shares (float)	135,151,270 (26.4%)	
52-week high/low	KRW93,800/KRW26,700	
Avg daily trading value (60-day)	KRW63.0b/ USD43.2m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Kakao Pay (%)	29.1	-0.3	98.4
Vs Kospi (%pts)	11.8	-39.6	-5.5

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	77,000	77,000	0.0%
2025P EPS	335	335	0.0%
2026E EPS	743	743	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	4
Target price	103,500
Recommendation	3.3

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

WHAT'S THE STORY?

4Q consolidated sales of KRW269.8b, up 23.7% y-y: Kakao Pay posted 4Q consolidated sales of KRW269.8b (up 23.7% y-y) and full-year 2025 sales of KRW958.4b (up 25.1% y-y; nearly reaching KRW1t), driven by: 1) strong growth in payment service sales; and 2) explosive growth in financial service sales.

Payment service sales of KRW141.1b, up 12.3% y-y: Payment service sales grew 12.3% y-y and 8.8% q-q in 4Q, with growth accelerating in 2H25 after suffering sluggishness at year-beginning due to poor economic conditions. Total payment volume (TPV) showed strong growth across all segments: online (up 11% y-y), overseas (up 21%), and offline (up 43%). PayMoney balance also grew 9.1% q-q to KRW2.3t, contributing to improved profitability.

(Continued on the next page)

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	269.8	23.7	13.2	3.7	3.2
Operating profit	20.8	n/a	31.8	(23.7)	(7.0)
Pre-tax profit	13.6	26.5	(42.1)	(61.1)	-
Net profit	4.1	3.6	(73.3)	(82.0)	(82.8)
Margins (%)					
Operating profit	7.7	22.9	1.1		
Pre-tax profit	5.0	0.1	(4.8)		
Net profit	1.5	(0.3)	(4.9)		

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuations (x)			
P/E	n/a	146.7	85.6
P/S	4.6	6.9	7.0
EPS growth (% y-y)	n/a	n/a	121.8
ROE (%)	n/a	2.9	5.6
Total payout ratio (%)	0.0	0.0	0.0
Per-share data (KRW)			
EPS	(102)	335	743
SPS	5,691	7,092	9,056
DPS	0	0	0

Financial service sales of KRW112.8b, up 34.4% y-y: The company's 4Q earnings strength owed mainly to financial service sales, which reached KRW112.8b (up 34.4% y-y and 19.2% q-q)—ie, Insurance product referral service sales grew 80% y-y, while investment service sales increased 39% y-y. The surge in financial service sales likely significantly contributed to the company's overall sales and operating profit.

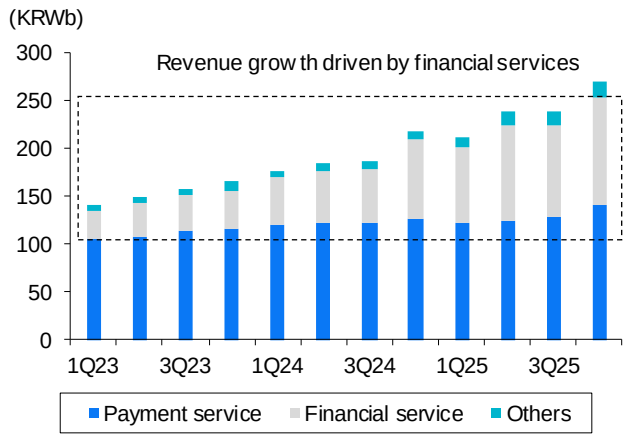
4Q consolidated operating profit of KRW20.8b: 4Q consolidated operating profit reached KRW20.8b, up from KRW15.8b in 3Q. Full-year 2025 operating profit and net profit reached KRW50.4b and KRW55.7b, respectively (vs losses of KRW57.5b and KRW21.5b, respectively, in 2024).

Key driver of financial service growth—Strong performance at Kakao Pay Securities: The surge in Kakao Pay's consolidated earnings was driven by the strong performance of its securities subsidiary Kakao Pay Securities. The subsidiary reported a 4Q operating profit of KRW18.4b, up 17.7% q-q or up KRW2.8b q-q (the q-q growth accounting for over half of the KRW5b increase in consolidated operating profit). Amid continued inflows into overseas stocks, the company also benefited from the re-rating and increased trading volume of the domestic stock market as its market share grew in domestic brokerage services.

Kakao Pay Securities' growth – Attributable to combination of trading value increase and market share gains: Kakao Pay Securities' strong performance was driven by both increased trading volume and market-share gains. In 4Q, the subsidiary's stock trading value reached KRW44.9t, up 31.7% q-q and 159.5% y-y. While the increase was partly due to the overall growth in domestic trading volume, the company's market-share gain in domestic stock trading—up from 0.31% in 1Q to 0.47% in 4Q—also played a role.

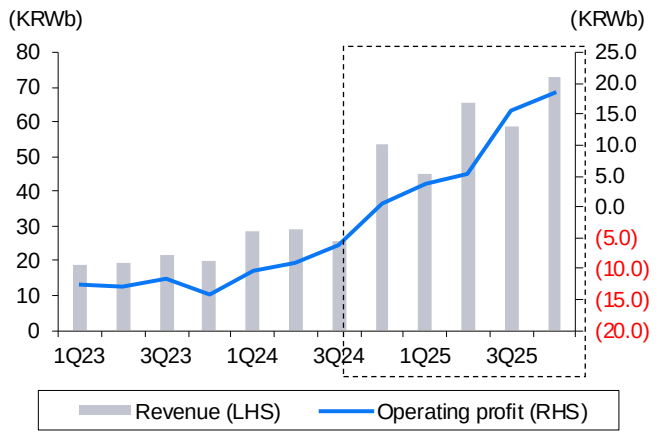
Kakao Pay Securities' profit growth to continue into 2026 – Confirmation of trading value surge and market share gains: Kakao Pay Securities' profit growth should continue into 2026 (serving as a key pillar of Kakao Pay's 2026 consolidated sales and operating profit growth), driven by: 1) increased domestic stock trading activity compared to overseas stocks; 2) a surge in domestic stock market trading volume, with average daily trading value rising from KRW25.8t in 3Q25 to KRW37.1t in 4Q25 and KRW62.3t in Jan 2026; and 3) Kakao Pay Securities' market share reaching 0.6% in Jan 2026, doubling from 1Q25 levels.

Kakao Pay: Revenue breakdown



Source: Company data, Samsung Securities

Kakao Pay: Securities revenue vs operating profit trend



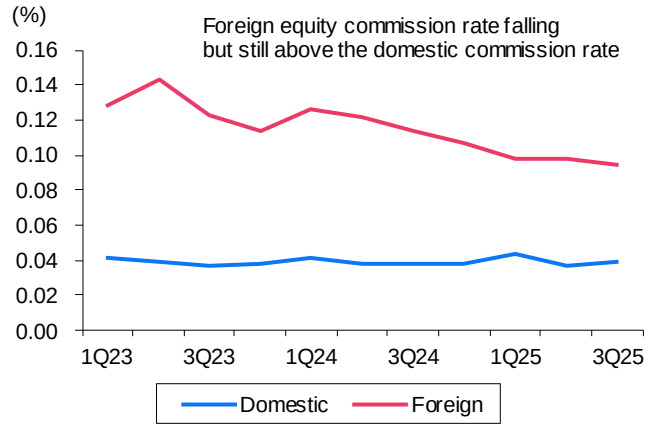
Source: Company data, Samsung Securities

Market share trend (trading value commitment basis)

(%)	1Q25	2Q25	3Q25	4Q25	Jan 2026	Jan 2026 vs 4Q25 (%p)
Kakao Pay Securities	0.31	0.36	0.42	0.47	0.60	0.13
Toss Securities	1.53	1.79	1.82	1.89	2.39	0.50
Kiwoom Securities	20.26	20.37	18.22	18.24	18.07	(0.17)
Mirae Asset Securities	10.72	10.64	10.89	10.98	10.63	(0.35)
Korea Investment & Securities	10.34	9.54	9.12	9.08	9.19	0.11
NH Investment & Securities	7.11	7.20	7.85	7.94	8.42	0.48
Meritz Securities	1.38	1.40	1.52	1.79	1.79	0.00

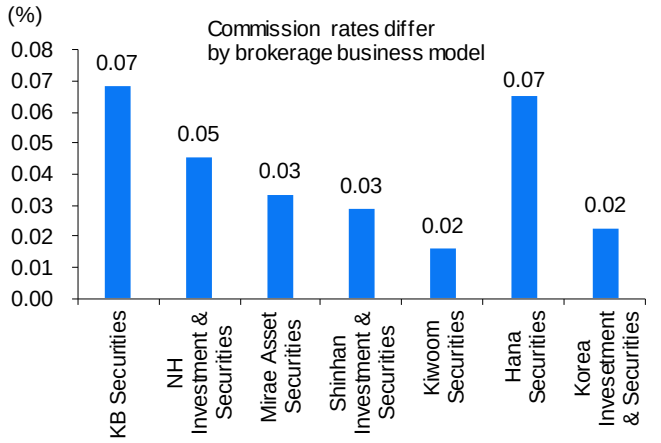
Source: Infomax, Samsung Securities

Korean securities firms' equity commission rates trend



Source: FISIS, Samsung Securities

Domestic equity commission rates, by securities firms



Note: As of 3Q25
Source: FISIS, Samsung Securities

Caution against overly optimistic expectations: However, caution is warranted against overly optimistic expectations for the company, as: 1) valuations of some global payment companies have declined significantly; 2) expectations for stablecoin-related benefits are still uncertain due to regulatory risks; and 3) the company's core revenue source is merchant fees.

Maintaining positive view, as we foresee economic recovery and note that Kakao Pay Securities' growth validates platform value: Despite these concerns, we maintain a positive view on Kakao Pay. We note that: 1) the company is showing differentiated growth in payment services through its platform capabilities, and expectations for volume growth amid domestic economic recovery remain valid; 2) subsidiary Kakao Pay Securities' mobile trading system (MTS), which was added to the company's platform, has significantly contributed to earnings growth, with the subsidiary enjoying a hike in trading value and market share; and 3) the company's platform capabilities position it well to capitalize on future opportunities, including stablecoins and other emerging trends, compared to its rivals.

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	3,430	3,908	4,813	5,025	5,347
Cash and cash equivalents	1,257	1,564	1,631	1,684	1,751
Other current assets	2,173	2,343	3,181	3,341	3,596
Non-current assets	536	507	527	521	542
Investments in associates	29	45	50	50	52
Property and equipment	45	39	38	39	41
Intangible assets	144	127	114	123	128
Other non-current assets	318	296	324	309	321
Total assets	**3,966**	**4,415**	**5,340**	**5,546**	**5,889**
Current liabilities	1,909	2,381	3,266	3,351	3,561
Deposits received	522	584	601	628	653
Trade and other payables	574	624	771	804	837
Other current liabilities	813	1,173	1,895	1,918	2,072
Non-current liabilities	123	123	122	131	137
Total liabilities	**2,032**	**2,504**	**3,389**	**3,482**	**3,698**
Share capital	67	67	68	68	68
Share premium	1,815	1,818	1,808	1,807	1,807
Accumulated deficit	(170)	(184)	(139)	(20)	107
Other components equity	165	160	164	162	162
Non-controlling interest	58	50	50	47	47
Total equity	**1,935**	**1,911**	**1,951**	**2,064**	**2,191**

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**615.4**	**766.2**	**958.4**	**1,223.7**	**1,472.4**
Digital Payment	443.4	490.0	518.1	609.8	725.6
Digital Finance	142.8	244.1	388.0	535.3	631.9
Others	29.1	32.1	52.3	78.5	114.9
Operating expenses	**672.0**	**823.7**	**908.0**	**1,100.1**	**1,309.8**
Labor expenses	203.1	215.4	260.0	296.6	330.6
Payment fee	318.0	360.2	384.4	436.7	511.9
Marketing	56.5	65.5	94.8	107.8	121.3
Others	94.3	182.5	168.8	259.0	346.0
Operating profit	**(56.6)**	**(57.5)**	**50.4**	**123.6**	**162.6**
OPM (%)	(9.2)	(7.5)	5.3	10.1	11.0
Other non-operating income	9.7	5.8	6.4	3.5	3.5
Other non-operating expense	15.9	19.0	24.5	16.9	16.9
Financial income	68.4	65.8	51.5	45.0	40.5
Financial cost	12.8	5.6	8.7	4.4	4.0
Share of loss of associates	1.6	5.1	2.5	2.6	2.7
Before tax	**(5.6)**	**(5.4)**	**77.5**	**153.4**	**188.4**
tax	17.3	16.2	21.8	37.1	45.6
Net profit	(22.9)	(21.5)	55.7	116.2	142.8
Growth (% y-y)	n/a	n/a	n/a	56.7	22.9

Margins

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Operating margin	**(9.2)**	**(7.5)**	**5.3**	**10.1**	**11.0**
Pre-tax profit margin	(0.9)	(0.7)	8.1	12.5	12.8
Net profit margin	(3.7)	(2.8)	5.8	9.5	9.7
ROA	(0.6)	(0.5)	1.0	2.1	2.4
ROE	(1.2)	(1.1)	2.9	5.6	6.5

Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	18.0	24.5	25.1	29.0	20.3
Operating profit	n/a	n/a	n/a	117.5	31.6
Net profit	n/a	n/a	n/a	56.7	22.9
Per-share data (KRW)					
EPS	**3**	**(102)**	**335**	**743**	**940**
SPS	4,583	5,691	7,092	9,056	10,897
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E	n/a	n/a	190.0	85.6	67.7
P/S	10.8	4.6	9.0	7.0	5.8

Year-end Dec 31	Sales (KRWb)	Net profit (KRWb)	EPS (KRW)	Chg (% y-y)	Sales per share (KRW)	P/E (x)	P/S (x)	ROA (%)	ROE (%)	DPS (KRW)	Div yield (%)
2023	615.4	(22.9)	3	(99.2)	4,583	n/a	10.8	(0.6)	(1.2)	-	-
2024	766.2	(21.5)	(102)	n/a	5,691	n/a	4.6	(0.5)	(1.1)	-	-
2025E	958.4	55.7	335	n/a	7,092	146.7	6.9	1.0	2.9	-	-
2026E	1,223.7	116.2	743	121.8	9,056	85.6	7.0	2.1	5.6	-	-
2027E	1,472.4	142.8	940	26.5	10,897	67.7	5.8	2.4	6.5	-	-

Source: Company data, Samsung Securities estimates

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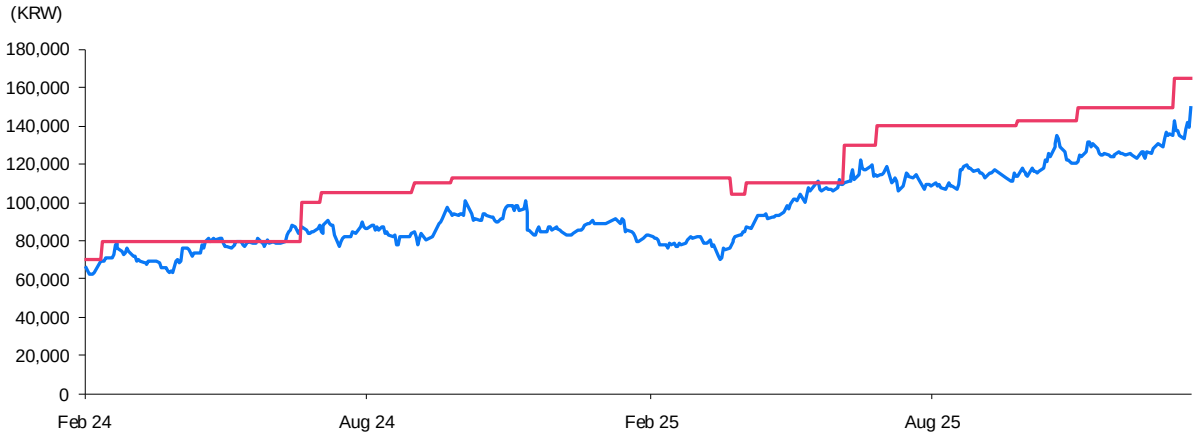
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/2/8	3/5	7/12	7/24	9/23	10/17	2025/4/15	4/25	6/27	7/18	10/17	11/25
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	70000	80000	100000	105000	110000	113000	104000	110000	130000	140000	143000	150000
Gap* (average)	-5.92	-5.45	-14.59	-19.39	-21.04	-23.75	-20.54	-8.40	-11.01	-19.36	-14.92	-14.99
(max or min)**	-0.43	10.25	-11.70	-13.52	-11.64	-10.44	-18.27	2.09	-6.15	-14.57	-5.80	-8.80

Date	2026/1/27
Recommendation	BUY
Target price (KRW)	165000
Gap* (average)	
(max or min)**	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Percentage of ratings in 12 months prior to 2025.12.31

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