COMPANY UPDATE

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Kakao Pay (377300)

1Q review: Securities earnings rebound

- Kakao Pay's sales rose 41.7% y-y and 11.3% q-q in 1Q. Its operating profit surged 631% y-y and 54.8% q-q to KRW32.2b, beating consensus by 17.7%.
- Sales from: 1) payment services grew a solid 13.3% y-y; and 2) financial services soared 82% y-y amid a bullish stock market.
- Despite valuation concerns, we maintain a positive outlook, supported by: 1) differentiated improvements in payment services amid consumption recovery; 2) sustained earnings enhancement fueled by a strong stock market; and 3) capability to enhance platform with additional features.

WHAT'S THE STORY?

1Q consolidated sales up 41.7% y-y at KRW300b, confirming continuation of differentiated growth: Kakao Pay achieved 1Q consolidated sales of KRW300b, delivering 41.7% y-y growth. While payment service sales grew a solid 13.3% y-y, financial service sales soared 82% y-y. Financial services made up 49% of total sales (up 11%pts y-y).

Payment service sales up 13.3% y-y at KRW138.4b—Market-share expansion continues: Payment service sales continued strong growth, led by a 24% y-y increase in online non-captive transactions. The non-captive share of online payment service sales rose 6pts y-y to 63%, suggesting strengthened relationships with merchants. For context, total payment volume (TPV) increased 13% y-y online, 20% overseas, and 50% offline. Meanwhile, Kakao Pay Money balance reached KRW2.5t in 1Q, sustaining robust growth of 9.9% q-q.

Financial services revenue up 82% y-y at KRW145.9b—Key driver: The big jump in Kakao Pay's revenue came mostly from financial services, which soared 82% y-y to KRW145.9b. Specifically, investment services grew by a standout 137% y-y, amid fast-growing domestic equity trading volume and favorable forex rates. Insurance services also grew by a remarkable 78% y-y.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW77,000	33.2%
Current price	KRW57,800	
Market cap	KRW7.8t/USD5.4b	
Shares (float)	135,245,367 (26.5%)	
52-week high/low	KRW93,800/KRW29,050	
Avg daily trading value (60-day)	KRW37.5b/ USD25.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kakao Pay (%)	17.8	14.0	83.5
Vs Kospi (%pts)	-13.6	-39.8	-36.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	77,000	77,000	0.0%
2026E EPS	937	937	0.0%
2027E EPS	1,298	1,298	0.0%

SAMSUNG vs THE STREET

No of estimates	6
Target price	91,250
Recommendation	3.5

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

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	300.3	41.7	11.3	(6.3)	4.5
Operating profit	32.2	631.0	54.8	(5.9)	17.7
Pre-tax profit	41.5	103.5	204.7	(10.5)	-
Net profit	28.5	114.2	602.9	(5.3)	13.0
Margins (%)					
Operating profit	10.7				
Pre-tax profit	13.8				
Net profit	9.5				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	146.7	61.6	44.5
P/S	6.9	5.3	4.2
EPS growth (% y-y)	n/a	180.2	38.4
ROE (%)	2.9	6.9	8.5
Total payout ratio (%)	0.0	0.0	0.0
Per-share data (KRW)			
EPS	335	938	1,299
SPS	7,091	10,810	13,712
DPS	0	0	0

Consolidated operating profit up 631% y-y at KRW32.2b—Momentum to be sustained: Kakao Pay's 1Q consolidated operating profit grew 631% y- to KRW32.2b, and net profit (attributable to controlling shareholders) rose 114.2% y-y to KRW28.5b. The momentum is likely to continue in 2Q, driven by: 1) stronger performance from its differentiated payment platform; 2) ongoing consumption recovery thanks to government measures easing the impact of high oil prices; and 3) rising equity market trading volumes and steady market share gains.

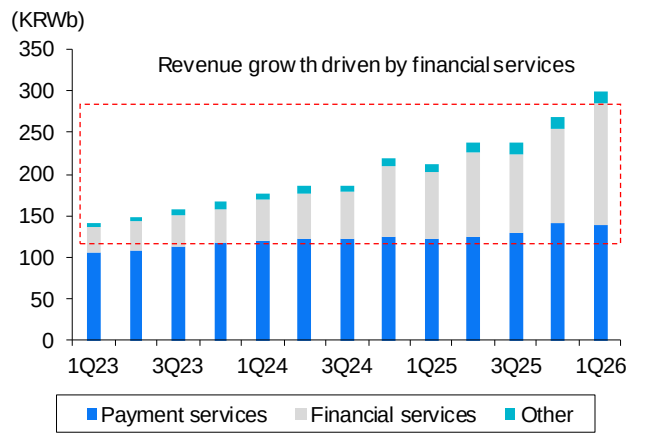
Kakao Pay Securities maintains robust profit growth…: Kakao Pay's consolidated profit improvement was powered by a rapid profit rise at its securities brokerage subsidiary, Kakao Pay Securities. In 1Q, Kakao Pay Securities posted an operating profit of KRW24b, up 570% y-y and 30.6% q-q. This alone accounted for 49.3% of Kakao Pay's total 1Q operating profit increase of KRW 11.4b q-q.

…driven by rises in trading volume and market share: The key drivers behind Kakao Pay Securities' sustained earnings improvement are a booming Korean stock market and rising market share in domestic equity trading volume. In 1Q, the subsidiary's stock trading value increased 76.4% q-q and 337.6% y-y to KRW79.2t, due to: 1) an overall growth in domestic equity trading volume; and 2) the company's rapidly expanding market share in the equity trading volume, which rose from 0.31% in 1Q25 to 0.47% in 4Q25 then to 0.69% in 1Q.

Through May in 2Q, Korea's equity market has extended its upward momentum, with Kakao Pay Securities' market share in the domestic equity trading volume further improving to 0.88% in April—up 0.19%pts from 1Q.

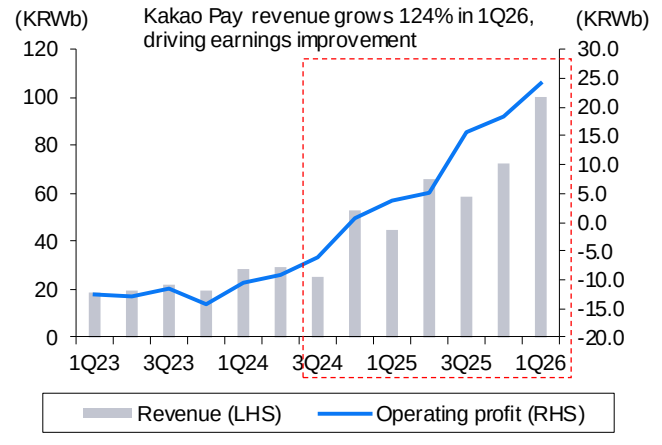
Kakao Pay Securities' profit growth supports not only short-term outlook but also strengthens platform's long-term capabilities: Kakao Pay Securities' recent earnings growth is a good sign. But the bigger story is whether it can boost real investment activity, driving user traffic, and improve the overall experience on its platform—these are the core pillars that will build the platform's capability to generate alpha. In other words, the next big move will be enhancing the platform with additional features that that keep users engaged and coming back.

Kakao Pay: Revenue breakdown



Source: Company data, Samsung Securities

Kakao Pay: Securities revenue vs operating profit



Source: Company data, Samsung Securities

Brokers: Market shares (based on trading value)

(%)	1Q25	2Q25	3Q25	4Q25	1Q26	Apr 2026	Apr 2026 vs 1Q26 (%pts)
Kakao Pay Securities	0.31	0.36	0.42	0.47	0.69	0.88	0.19
Toss Securities	1.53	1.79	1.82	1.89	2.71	3.48	0.77
Kiwoom Securities	20.26	20.37	18.22	18.24	17.62	17.74	0.12
Mirae Asset Securities	10.72	10.64	10.89	10.98	10.32	10.24	(0.08)
Korea Investment & Securities	10.34	9.54	9.12	9.08	9.28	9.20	(0.08)
NH Investment & Securities	7.11	7.20	7.85	7.94	8.20	8.00	(0.20)
Meritz Securities	1.38	1.40	1.52	1.79	1.84	1.81	(0.03)

Source: Infomax, Samsung Securities

Caution against excessive optimism warranted, but… Caution is warranted against excessive optimism for the company, as: 1) valuations of some global payment companies have declined significantly; 2) expectations for stablecoin-related benefits are still premature due to ongoing regulatory developments; and 3) expanding geopolitical risks continue to pose a concern.

…maintaining positive view—Consumption to keep recovering, and Kakao Pay Securities' growth validates value of platform: However, we maintain our positive view on Kakao Pay, as: 1) the company is showing differentiated growth in payment services through its platform capabilities; 2) despite expanding geopolitical risks, consumption should recover, supported by government measures to mitigate the impact of rising oil prices, along with stronger inbound tourism from China and Japan and rising domestic travel; 3) profit growth at Kakao Pay Securities—recently a major driver of the company's sharp profit gains—is likely to hold; and 4) over the medium to long term, as the company continues to build out its platform strengths, it will be better positioned to capitalize on emerging opportunities in digital finance, giving it a meaningful edge over competitors.

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	3,908	4,813	5,113	5,439	5,319
Cost of goods sold	1,564	1,631	1,697	1,765	1,576
Gross profit	2,343	3,181	3,416	3,675	3,743
Gross margin (%)	507	527	548	571	576
SG&A expenses	45	50	52	55	55
Operating profit	39	38	40	42	42
Operating margin (%)	127	114	119	124	125
Non-operating gains (losses)	296	324	337	351	354
Financial profit	**4,415**	**5,340**	**5,662**	**6,010**	**5,896**
Financial costs	2,381	3,266	3,456	3,624	3,459
Equity-method gains (losses)	584	601	625	650	666
Other	624	771	802	834	843
Pre-tax profit	1,173	1,895	2,030	2,140	1,950
Taxes	123	122	127	133	134
Effective tax rate (%)	**2,504**	**3,389**	**3,584**	**3,757**	**3,593**
Profit from continuing operations	67	68	68	68	68
Profit from discontinued operations	1,818	1,808	1,808	1,808	1,808
Net profit	(184)	(139)	(12)	164	213
Net margin (%)	160	164	164	164	164
Net profit (controlling interests)	50	50	50	50	50
Net profit (non-controlling interests)	**1,911**	**1,951**	**2,078**	**2,253**	**2,303**

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**766.2**	**958.4**	**1,460.8**	**1,853.0**	**2,189.6**
Cash & equivalents	490.0	518.1	604.0	688.6	772.2
Accounts receivable	244.1	388.0	775.6	1,045.6	1,243.4
Inventories	32.1	52.3	81.2	118.9	174.0
Other current assets	**823.7**	**908.0**	**1,306.7**	**1,639.1**	**1,924.3**
Fixed assets	215.4	260.0	325.3	379.4	420.9
Investment assets	360.2	384.4	413.9	470.4	527.0
Tangible assets	65.5	94.8	143.9	155.7	168.6
Intangible assets	182.5	168.8	423.7	633.6	807.8
Other long-term assets	**(57.5)**	**50.4**	**154.1**	**213.9**	**265.3**
Total assets	(7.5)	5.3	10.6	11.5	12.1
Current liabilities	5.8	6.4	4.9	4.9	4.9
Accounts payable	19.0	24.5	13.1	13.1	13.1
Short-term debt	65.8	51.5	56.6	62.3	68.5
Other current liabilities	5.6	8.7	7.8	7.1	6.3
Long-term liabilities	5.1	2.5	(0.7)	(0.7)	(0.8)
Bonds & long-term debt	**(5.4)**	**77.5**	**194.0**	**260.2**	**318.5**
Other long-term liabilities	16.2	21.8	51.2	68.7	84.1
Total liabilities	(21.5)	55.7	142.8	191.5	234.4
Owners of parent equity	적지	흑전	156.4	34.1	22.4

Margins

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Operating margin	**(7.5)**	**5.3**	**10.6**	**11.5**	**12.1**
Pre-tax profit margin	(0.7)	8.1	13.3	14.0	14.5
Net profit margin	(2.8)	5.8	9.8	10.3	10.7
ROA	(0.5)	1.0	2.5	3.2	3.2
ROE	(1.1)	2.9	6.9	8.5	8.5

Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	24.5	25.1	52.4	26.9	18.2
Operating profit	n/a	n/a	206.0	38.8	24.0
Net profit	n/a	n/a	156.4	34.1	22.4
Per-share data (KRW)					
EPS	**(102)**	**335**	**938**	**1,299**	**1,616**
SPS	5,691	7,092	10,810	13,712	16,203
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E	n/a	146.7	61.6	44.5	35.8
P/S	4.6	6.9	5.3	4.2	3.6

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 (%)
2024	766.2	(21.5)	(102)	n/a	5,691	n/a	4.6	(0.5)	(1.1)	-	-
2025	958.4	55.7	335	n/a	7,092	146.7	6.9	1.0	2.9	-	-
2026E	1,460.8	142.8	938	180.2	10,810	61.6	5.3	2.5	6.9	-	-
2027E	1,853.0	191.5	1,299	38.4	13,712	44.5	4.2	3.2	8.5	-	-
2028E	2,189.6	234.4	1,616	24.4	16,203	35.8	3.6	4.0	10.2	-	-

Source: Company data, Samsung Securities estimates

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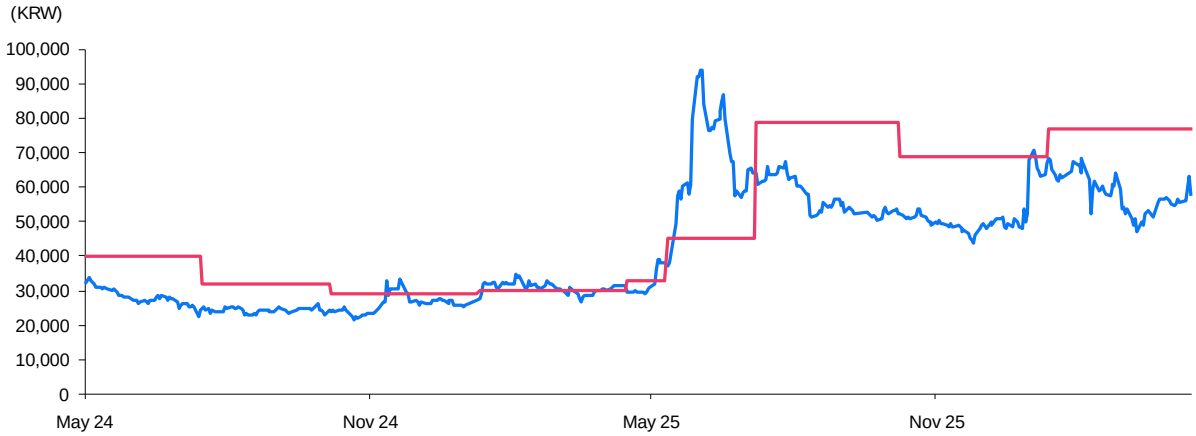

Rating changes over past two years (adjusted share prices)

Date	2024/4/26	8/7	10/30	2025/2/3	5/8	6/4	7/31	10/31	2026/2/4
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	BUY	BUY	BUY	BUY
Target price (KRW)	40000	32000	29000	30000	33000	45000	79000	69000	77000
Gap* (average)	-25.87	-23.99	-9.68	2.97	-2.09	54.46	-28.21	-25.16	
(max or min)**	-10.13	-18.75	15.34	16.00	18.48	108.44	-14.56	2.75	

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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Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
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* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2026.03.31

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