COMPANY UPDATE

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Financial/Consumer Goods Team

Jaewoo Kim
Team Leader
jaewoo79.kim@samsung.com

Heejae Yoon
Research Associate
heejae23.yoon@samsung.com

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Kakao Pay (377300)

2Q review; focus on platform's growth potential

- Kakao Pay's sales rose 40.6% y-y and 11.6% q-q in 2Q. Its operating profit surged 528.2% y-y and 81.7% q-q to KRW58.6b, beating consensus by 52.2%.
- Sales from: 1) payment services grew a solid 13% y-y; and 2) financial services soared 74.7% y-y amid a bullish stock market.
- We maintain a positive outlook, supported by: 1) differentiated improvements in payment services amid consumption recovery; 2) expectations for further advancement in financial services; and 3) capability to enhance platform with additional features.

AT A GLANCE

BUY

Target price	KRW57,000	30.1%
Current price	**KRW43,800**	
Market cap	KRW5.9t/USD4.1b	
Shares (float)	135,270,125 (26.6%)	
52-week high/low	KRW70,900/KRW37,450	
Avg daily trading value (60-day)	KRW14.7b/ USD10.2m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kakao Pay (%)	7.9	-36.2	-29.1
Vs Kospi (%pts)	37.2	-46.1	-64.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	57,000	57,000	0.0%
2026E EPS	820	820	0.0%
2027E EPS	1,115	1,115	0.0%

SAMSUNG vs THE STREET

No of estimates	6
Target price	86,000
Recommendation	3.5

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

WHAT'S THE STORY?

2Q consolidated sales up 40.6% y-y at KRW335.1b, confirming continuation of differentiated growth: Kakao Pay achieved 2Q consolidated sales of KRW335.1b, delivering 40.6% y-y growth. While payment service sales grew a solid 13% y-y, financial service sales soared 74.7% y-y. Financial services made up 52% of total sales (up 10%pts y-y).

Payment service sales up 13% y-y at KRW141.1b—Market-share expansion continues: Payment service sales continued strong growth, led by a 22% y-y increase in online non-captive transactions. The non-captive share of online payment service sales rose 5pts y-y to 65%. For context, total payment volume (TPV) increased 16% y-y online, 21% overseas, and 58% offline. Meanwhile, Kakao Pay Money balance reached KRW2.8t in 2Q, sustaining robust growth of 12.1% q-q.

Financial services revenue up 74.7% y-y at KRW175.2b—Key driver: The big jump in Kakao Pay's revenue came mostly from financial services, which soared 74.7% y-y to KRW175.2b. Specifically, investment services grew by a standout 99% y-y, amid fast-growing domestic equity trading volume and favorable forex rates. Insurance services also grew by a remarkable 86% y-y. 78% y-y.

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg (% y-y)	Chg (% q-q)	Diff (%) Samsung	Diff (%) Consensus
Sales	335.1	40.6	11.6	(2.7)	4.9
Operating profit	58.6	528.2	81.7	15.0	52.2
Pre-tax profit	59.1	196.2	42.6	(4.3)	-
Net profit	40.0	215.1	40.6	5.2	35.7
Margins (%)					
Operating profit	17.5	13.6	6.8		
Pre-tax profit	17.6	9.3	3.8		
Net profit	11.9	6.6	2.5		

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	146.7	53.4	39.3
P/S	6.9	4.7	3.9
EPS growth (% y-y)	n/a	145.0	35.9
ROE (%)	2.9	6.5	8.1
Total payout ratio (%)	0.0	0.0	0.0
Per-share data (KRW)			
EPS	335	820	1,115
SPS	7,091	9,364	11,216
DPS	0	0	0

Samsung Securities

Consolidated operating profit up 528.2% y-y at KRW58.6b—Momentum sustained: Kakao Pay's 2Q consolidated operating profit grew 528.2% y-y and 81.7% q-q to KRW58.6b, and net profit (attributable to controlling shareholders) rose 215.1% y-y and 40.6% q-q to KRW40b. These results reflect not only Kakao Pay's competitive advantage over traditional payment companies but also stronger performance from its differentiated payment platform.

Kakao Pay Securities maintains robust profit growth… Kakao Pay's consolidated profit improvement was powered by a rapid earnings growth at its securities brokerage subsidiary, Kakao Pay Securities. In 2Q, Kakao Pay Securities posted an operating profit of KRW40b, up 655% y-y and 70% q-q. This alone accounted for 62.4% of Kakao Pay's 2Q consolidated operating profit increase of KRW 26.4b 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 2Q, the subsidiary's stock trading value increased 497% y-y and 77% q-q to KRW139.9t, 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 0.69% in 1Q26 to 0.86% in 2Q26.

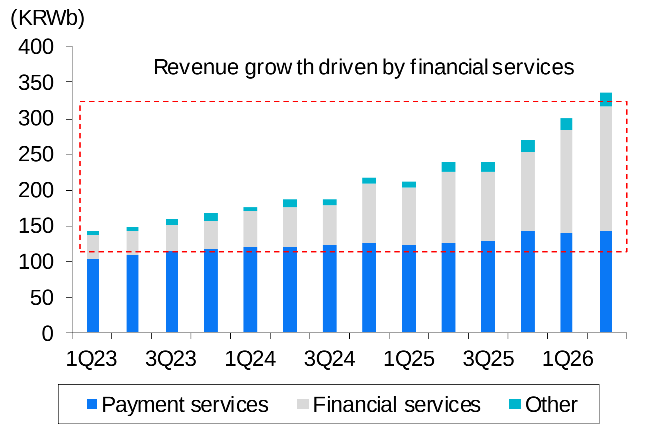
Downside risks emerge in 3Q: In 2H, operating results at Kakao Pay's financial services could diminish h-h as: 1) the domestic stock market entered a sharp correction in July, with average daily trading volume falling to KRW43t in July—down 23.1% from the 2Q average of KRW55.9t; and 2) Kakao Pay Securities' domestic brokerage market share has declined to 0.77%, down 9bps from its 2Q average of 0.86%.

Concerns over a sharp earnings contraction excessive—trading volume and market share remain between 1Q and 2Q levels: While market conditions have changed, fears of a dramatic earnings contraction are overstated. First, the average daily trading volume in July (KRW43t) remains broadly in line with 1Q's average of KRW43.8t. Second, Kakao Pay Securities' domestic equity market share in July (0.77%) still exceeds its 1Q average of 0.69%. This suggests that its domestic equity-related earnings are likely still higher than 1Q levels. Third, the growing momentum in overseas stock trading should not be overlooked—where the subsidiary enjoys higher market share and transaction fees than in the domestic market, providing a meaningful offset to domestic headwinds.

Time to center on platform capabilities, not just short-term earnings: Although the pace of 2H earnings growth at Kakao Pay Securities may lose steam h-h, the rapid expansion seen in 1H clearly demonstrates the power of Kakao Pay's platform. This is particularly notable given the highly competitive domestic brokerage market—characterized by numerous entrants, already low trading fees, and limited room for price competition. Despite these headwinds, the company has successfully expanded its market share over the past year, a clear testament to its platform capabilities.

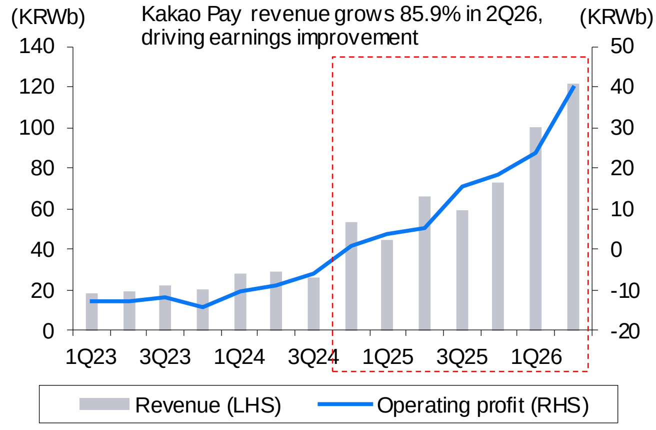
Moreover, the customer base, traffic, and investment experience gained in 1H26 should create a strong foundation for future monetization when the company expands into new financial services—beyond domestic and overseas stock brokerage. The key challenge moving forward should be strengthening the platform with complementary features that create additional value.

Kakao Pay: Revenue breakdown



Source: Company data, Samsung Securities

Kakao Pay: Securities revenue vs operating profit



Source: Company data, Samsung Securities

Brokers: Market share (based on trading value)

(%)	2Q25	3Q25	4Q25	1Q26	2Q26	Jul 2026	Jul 2026 vs 2Q26 (%pts)
Kakao Pay Securities	0.36	0.42	0.47	0.69	0.86	0.77	(0.09)
Toss Securities	1.79	1.82	1.89	2.71	3.41	2.65	(0.76)
Kiwoom Securities	20.37	18.22	18.24	17.62	16.73	15.02	(1.71)
Mirae Asset Securities	10.64	10.89	10.98	10.32	10.28	9.45	(0.83)
Korea Investment & Securities	9.54	9.12	9.08	9.28	9.17	8.94	(0.23)
NH Investment & Securities	7.20	7.85	7.94	8.20	7.34	6.63	(0.71)
Meritz Securities	1.40	1.52	1.79	1.84	2.04	2.31	0.27

Source: Infomax, Samsung Securities

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) Korea's robust nominal GDP growth signals meaningful room for further improvement in consumer spending conditions; and 3) over the medium to long term, as digital finance continues to evolve, the company's ability to leverage its platform to capture new opportunities should positions it well to generate meaningful upside.

Particular focus is needed on how the rapid increase in earnings is quickly elevating the Company's P/S and P/E valuation multiples to attractive levels.

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**766.2**	**958.4**	**1,266.3**	**1,516.7**	**1,881.7**
Digital Payment	490.0	518.1	577.7	679.7	786.7
Digital Finance	244.1	388.0	623.7	769.5	1,024.7
Platform	32.1	52.3	64.9	67.5	70.3
Operating expenses	**823.7**	**908.0**	**1,124.9**	**1,313.4**	**1,635.2**
Labor expenses	215.4	260.0	309.8	347.6	375.5
Payment fee	360.2	384.4	437.1	509.2	585.6
Marketing	65.5	94.8	108.3	120.0	131.6
Others	182.5	168.8	269.7	336.6	542.5
Operating profit	**(57.5)**	**50.4**	**141.3**	**203.3**	**246.5**
OPM (%)	(7.5)	5.3	11.2	13.4	13.1
Other non-operating income	5.8	6.4	3.6	3.6	3.6
Other non-operating expense	19.0	24.5	10.2	10.2	10.2
Financial income	65.8	51.5	53.4	58.7	64.6
Financial cost	5.6	8.7	9.2	10.2	11.2
Share of loss of associates	5.1	2.5	(0.8)	(0.8)	(0.9)
Pre-tax profit	**(5.4)**	**77.5**	**178.1**	**244.5**	**292.5**
Taxes	16.2	21.8	42.8	64.5	77.2
Net profit	(21.5)	55.7	135.3	180.0	215.3
Net profit (non-controlling interests)	**(13.7)**	**45.2**	**110.9**	**150.7**	**173.2**

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	3,908	4,813	7,219	11,157	12,413
Cash and cash equivalents	1,564	1,631	1,910	2,235	2,248
Other current assets	2,343	3,181	5,309	8,921	10,165
Non-current assets	507	527	737	1,160	1,299
Investments in associates	45	50	72	113	127
Property and equipment	39	38	54	86	96
Intangible assets	127	114	157	246	276
Other non-current assets	296	324	454	715	800
Total assets	**4,415**	**5,340**	**7,956**	**12,316**	**13,712**
Current liabilities	2,381	3,266	5,758	9,963	11,303
Deposits received	584	601	703	823	825
Trade and other payables	624	771	1,161	1,208	1,220
Other current liabilities	1,173	1,895	3,894	7,931	9,258
Non-current liabilities	123	122	128	133	134
Total liabilities	**2,504**	**3,389**	**5,886**	**10,095**	**11,437**
Share capital	67	68	68	68	68
Share premium	1,818	1,808	1,809	1,809	1,809
Accumulated deficit	(184)	(139)	(28)	123	177
Other components equity	160	164	165	165	165
Non-controlling interest	50	50	57	57	57
Total equity	**1,911**	**1,951**	**2,070**	**2,221**	**2,275**

Margins

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
Operating margin	**(7.5)**	**5.3**	**11.2**	**13.4**	**13.1**
Pre-tax profit margin	(0.7)	8.1	14.1	16.1	15.5
Net profit margin	(2.8)	5.8	10.7	11.9	11.4
ROA	(0.5)	1.0	1.7	1.5	1.5
ROE	(1.1)	2.9	6.5	8.1	8.1

Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	24.5	25.1	32.1	19.8	24.1
Operating profit	nm	nm	180.6	43.9	21.2
Net profit	(13.7)	45.2	110.9	150.7	173.2
Per-share data (KRW)					
EPS (consolidated)	(102)	335	820	1,115	1,281
SPS	5,691	7,091	9,364	11,216	13,915
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E	n/a	146.7	53.4	39.3	34.2
P/S	4.6	6.9	4.7	3.9	3.1

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	(13.7)	(102)	n/a	5,691	n/a	4.6	(0.5)	(1.1)	-	-
2025	958.4	45.2	335	n/a	7,091	146.7	6.9	1.0	2.9	-	-
2026E	1,266.3	110.9	820	145.0	9,364	53.4	4.7	1.7	6.5	-	-
2027E	1,516.7	150.7	1,115	35.9	11,216	39.3	3.9	1.5	8.1	-	-
2028E	1,881.7	173.2	1,281	14.9	13,915	34.2	3.1	1.6	9.5	-	-

Source: Company data, Samsung Securities estimates

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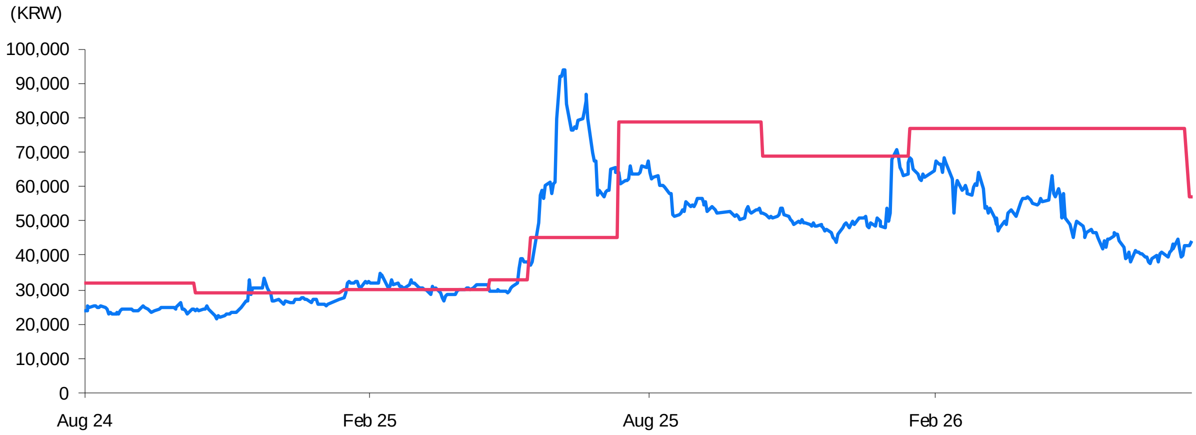
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/4/26	8/7	10/30	2025/2/3	5/8	6/4	7/31	10/31	2026/2/4	8/3
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	40000	32000	29000	30000	33000	45000	79000	69000	77000	57000
Gap* (average)	-25.87	-23.99	-9.68	2.97	-2.09	54.46	-28.21	-25.16	-33.54	
(max or min)**	-10.13	-18.75	15.34	16.00	18.48	108.44	-14.56	2.75	-11.30	

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

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Percentage of ratings in 12 months prior to 2026.06.30

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

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SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information,
please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao
Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953