kakaogames

1Q 2025 Earnings Release

7 May 2025

Disclaimer

Financial information for 1Q 2025 are estimates based on K-IFRS standards, and all financial and business results except for the stand-alone statement are consolidated-basis results which include subsidiary performance.

The Others segment has been classified as discontinued operations following the classification of Kakao VX as asset held for sale, while the comparative previous year statement includes discontinued operations resulting from the disposal of interest in Sena Technology.

Please note that the information was prepared to cater to investors and has not yet been reviewed by an outside auditor, and hence is subject to change upon the auditor's audit.

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Summary

- 1Q revenue down 31% YoY and 8% QoQ due to lack of performance from new titles and natural decline from legacy titles
- 1Q operating profit down due to decline in sales

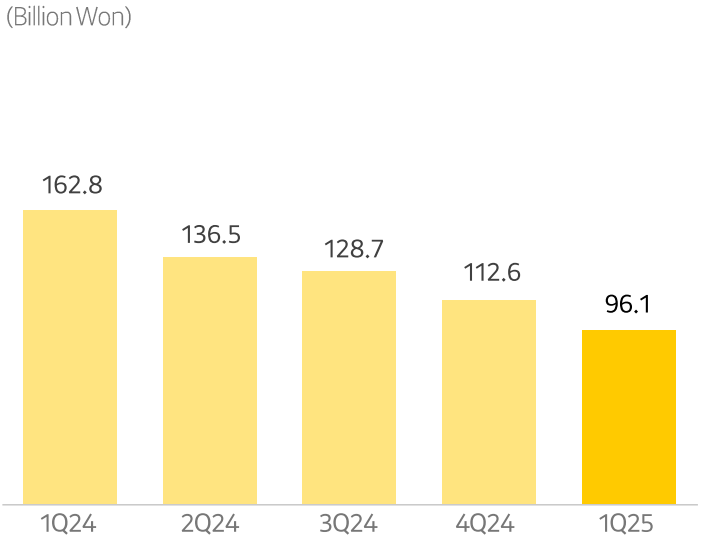
Billion Won	1Q24	2Q24	3Q24	4Q24	1Q25	YoY	QoQ
Revenue	**178.3**	**152.8**	**162.8**	**133.2**	**122.9**	**-31.1%**	**-7.8%**
Mobile	162.8	136.5	128.7	112.6	96.1	-41.0%	-14.7%
PC	15.6	16.3	34.2	20.6	26.8	72.0%	29.7%
OPEX	164.0	151.7	155.1	137.2	135.3	-17.5%	-1.4%
Operating Profit	**14.3**	**1.1**	**7.7**	**-3.9**	**-12.4**	**Turn to Deficit**	**Deficit Continued**
OPM	8.0%	0.7%	4.7%	-3.0%	-10.1%	-18.1%p	-7.2%p
Net Income	**0.4**	**-11.7**	**-7.3**	**-109.5**	**-33.4**	**Turn to Deficit**	**Deficit Continued**
Controlling Interest	1.0	-9.5	-4.0	-96.4	-23.0	Turn to Deficit	Deficit Continued

Revenue Breakdown

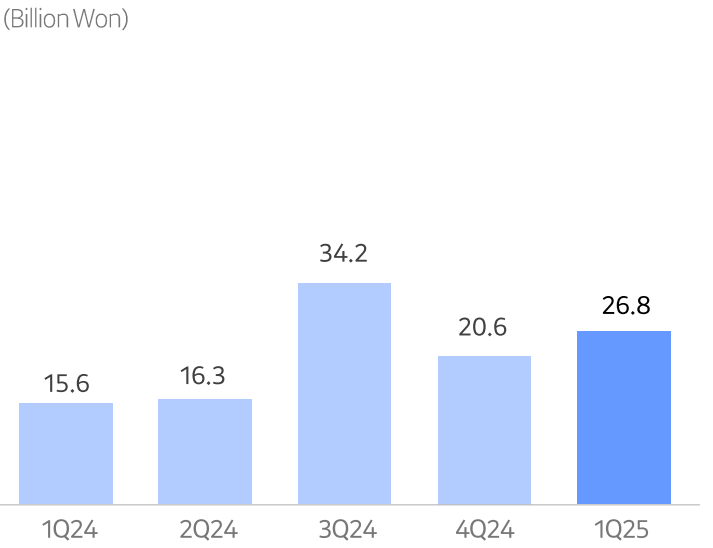
1Q Revenue reported 122.9 bn Won YoY 31.1%▼ / QoQ 7.8%▼

- Mobile Game : Despite stable performance from major titles, revenue down due to lack of performance from new titles and natural decline from legacy titles
- PC Game : Impact of 'Battlegrounds' updates supported by solid traffic and recognition of deferred revenue of 'POE' from last quarter

Mobile
(YoY 41.0%▼/ QoQ 14.7%▼)



PC
(YoY 72.0%▲/ QoQ 29.7%▲)



OPEX Breakdown

1Q Operating Expense reported 135.3 bn Won YoY 17.5% ▼ / QoQ 1.4% ▼

- Labor Cost : Lump-sum recognition of annual labor-related costs
- Commissions : Developer RS & Market fees which are linked to changes in revenue
- Marketing Cost : Global pre-marketing for new releases
- Others: Lower amortization expense following intangible asset impairment in the previous quarter

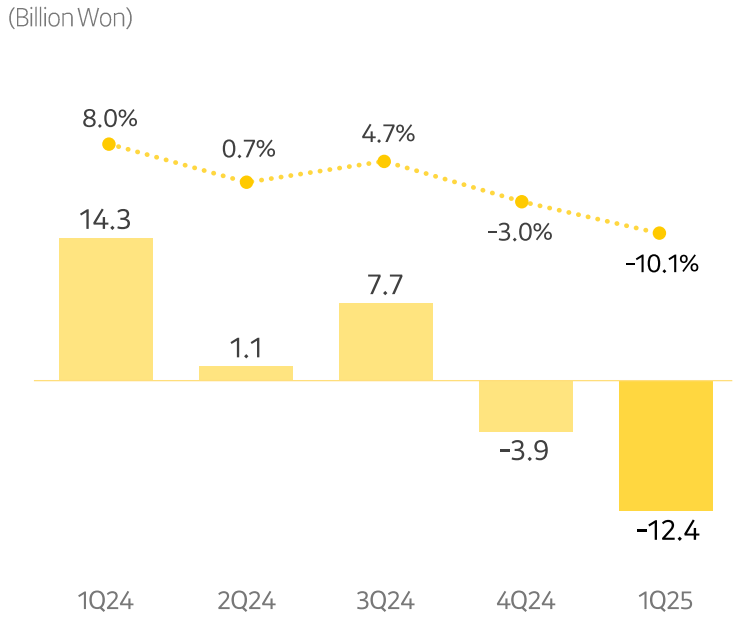
Billion Won	1Q24	2Q24	3Q24	4Q24	1Q25	YoY	QoQ
OPEX	**164.0**	**151.7**	**155.1**	**137.2**	**135.3**	**-17.5%**	**-1.4%**
Labor Costs	39.8	37.7	38.8	38.2	40.0	0.3%	4.6%
Commissions	94.8	84.3	82.3	67.9	62.3	-34.2%	-8.2%
Marketing Costs	8.3	8.0	14.2	10.4	12.7	52.3%	21.6%
Tangible/Intangible Amortization	11.9	11.8	11.9	11.7	11.3	-4.3%	-3.4%
Others	9.3	9.8	7.9	8.9	9.0	-2.9%	1.1%
Operating Profit	**14.3**	**1.1**	**7.7**	**-3.9**	**-12.4**	**Turn to Deficit**	**Deficit Continued**
Income Tax	7.5	1.8	8.9	-13.0	-1.8	-	-

Profit

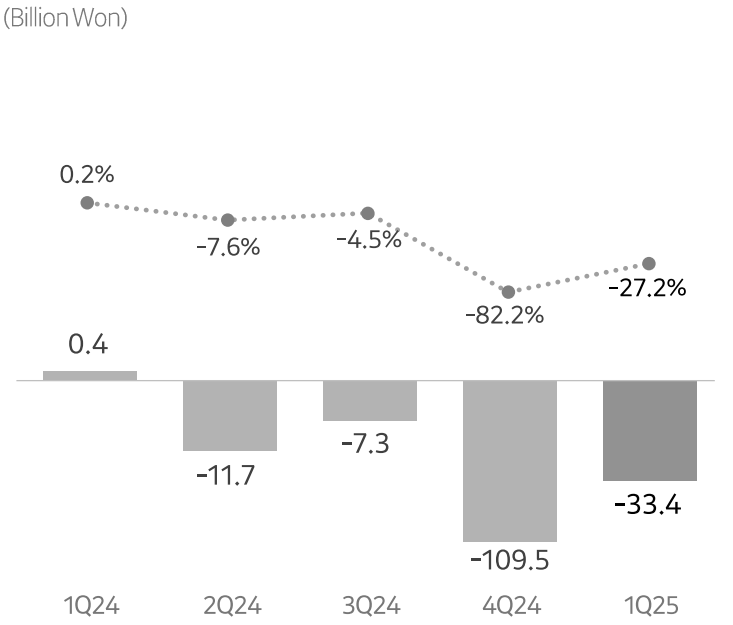
1Q Operating Profit -12.4 bn Won / Net Income -33.4 bn Won

- Base effect from a one-off asset impairment in the previous quarter

Operating Profit (Margin)



Net Income (Margin)



New line-ups

*In-house titles

Schedule	Title	Genre	Platform	Region
2Q25	Section 13 *	Action Roguelite Shooter	PC/Console	Global
3Q25	Goddess Order	Action RPG	Mobile	Global
4Q25	SM GAME STATION(tentative name) *	SM Idol IP-Based Casual	Mobile	Global
	God Save Birmingham *	Open-World Zombie Survival Simulator	PC	Global
	Project Q *	MMORPG	Mobile+PC	Korea
	Chrono Odyssey	Online Action RPG	PC/Console	Global
	Project C *	Subculture Growth Simulation	Mobile+PC	Korea, Japan
1H26	ArcheAge Chronicle *	Online Action RPG	PC/Console	Global
FY26	Project S *	Looter Shooter	PC/Console	Global
	The Swordmaster's Youngest Son IP *	Hunting Action RPG	PC/Console	Global

Financial Statement Summary

Consolidated Balance Sheet

MillionWon	1Q24	2Q24	3Q24	4Q24	1Q25
Current Asset	**1,061,624**	**1,002,319**	**849,825**	**1,069,084**	**1,058,282**
Cash & Cash Equivalent	805,351	756,795	630,285	634,969	551,585
Financial Asset (Fair Value)	40,779	37,378	105,777	30,277	86,042
Others	215,494	208,146	113,764	403,838	420,655
Non-Current Asset	**2,506,670**	**2,541,234**	**2,522,417**	**2,104,155**	**2,098,926**
Available-for-Sale	301,812	331,712	406,372	306,958	311,442
Investment in Associates	211,379	215,181	221,653	178,118	179,991
Intangibles	1,631,333	1,624,957	1,559,658	1,484,418	1,476,320
Others	362,146	369,385	334,734	134,662	131,172
Total Asset	**3,568,294**	**3,543,554**	**3,372,243**	**3,173,239**	**3,157,208**
Current Liabilities	**744,869**	**1,229,064**	**1,129,194**	**1,199,409**	**1,220,245**
Non-Current Liabilities	**1,162,581**	**650,223**	**607,362**	**495,473**	**491,192**
Total Liabilities	**1,907,449**	**1,879,286**	**1,736,556**	**1,694,882**	**1,711,437**
Paid-in Capital	**8,263**	**8,266**	**8,267**	**8,287**	**8,287**
Capital Surplus	**1,102,020**	**1,102,122**	**1,101,861**	**1,099,757**	**1,099,349**
Other Capital Components	**44,098**	**56,934**	**100,169**	**41,967**	**33,308**
Retained Earnings	**278,344**	**268,868**	**271,271**	**188,098**	**174,571**
Non-Controlling	**228,120**	**228,077**	**154,120**	**140,249**	**130,255**
Total Equity	**1,660,845**	**1,664,268**	**1,635,687**	**1,478,357**	**1,445,770**

Consolidated Income Statement

Million Won	1Q24	2Q24	3Q24	4Q24	1Q25
Revenue	**178,342**	**152,813**	**162,850**	**133,223**	**122,854**
OPEX	**164,038**	**151,746**	**155,126**	**137,169**	**135,295**
Operating Profit	**14,304**	**1,067**	**7,724**	**-3,946**	**-12,440**
Other Gains	3,402	251	542	4,347	885
Other Losses	1,422	693	3,789	47,637	2,045
Financial Income	6,449	5,732	7,601	23,493	5,034
Financial Expense	14,209	16,724	13,066	65,090	22,666
Equity Method	1,100	-915	-514	-15,677	-1,221
EBT	**9,625**	**-11,282**	**-1,502**	**-104,510**	**-32,454**
Income Tax	7,468	1,824	8,937	-12,999	-1,762
Net Income	**377**	**-11,679**	**-7,311**	**-109,476**	**-33,428**
Controlling	951	-9,476	-4,002	-96,390	-23,031
Non-Controlling	-574	-2,204	-3,309	-13,085	-10,397

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