

Demerger Decision

1. Method of the Demerger		The commerce business of Kakao Corp. will be demerged in accordance with Articles 530-2 through 530-12 of the Korean Commercial Code to establish a new company where Kakao Corp. will own all of the shares of the new company. Kakao Corp. will remain as a listed company and the newly established company will be a private company.			
2. Purpose of Demerger		(1) Expand its business scope in commerce business beyond Kakao Talk by procuring business expertise and competitive edge (2) Provide optimized shopping information and convenience to customers and an infra service solution to business partners to enhance efficiency in selling products (3) Enhance convenience of purchasing products for users in Korea and overseas, and aim for a global commerce platform where business partners can expand its business overseas (4) Demerger the commerce business to establish a structure where a quick and expert decision can be made			
3. Key Influence and Impact of Demerger		The demerger shall be conducted in a simple hive-down demerger method as set forth in Article 530-2 through 530-12 of the Korean Commercial Code. As such, there would be no change in the largest shareholder's share ownership and shareholding ratio of Kakao Corp. before and after the demerger. In addition, the demerger itself does not have any impact on the consolidated financial statements as this is a hive-down demerger.			
4. Demerger Ratio		The demerger ratio will not be applicable as this is a hive-down demerger where 100% of the shares in the new company will be allocated to Kakao Corp.			
5. Kakao Corp.	Company Name	Kakao Corp.			
	Key Financials After the Demerger (KRW)	Total Assets	5,764,255,149,587	Total Liabilities	1,073,030,398,993
		Total Shareholders' Equity	4,691,224,750,594	Stated Capital	38,192,811,000
		Jun 30 2018		Base Date	

	Revenues from Kakao Corp. during the Latest Fiscal Year (KRW)		978,700,276,407			
	Main Business Area		Internet Service			
	Stock Listing Status		Yes			
6. New Company	Company Name		Kakao Commerce Corp. (Tentative)			
	Key Financials on Establishment (KRW)	Total Assets	510,288,041,332	Total Liabilities	275,682,605,826	
		Total Shareholders' Equity	234,605,435,506	Stated Capital	2,256,229,300	
		Jun 30 2018		Base Date		
	Revenues from Commerce Business during the Latest Fiscal Year (KRW)		-			
	Main Business Area		Internet Service			
	Stock Re-Listing		N/A			
7. Date of Shareholder Meeting			Oct 31 2018			
8. Creditor Objection Period		Start	Nov 01 2018			
		End	Nov 30 2018			
9. Effective Date of Demerger			Dec 01 2018			
10. Registration Date of Demerger			Dec 03 2018			
11. Date of Board Resolution (Decision Date)			Sep 20 2018			
- Attendance of Outside Directors	Present (No.)		5			
	Absent (No.)		0			
- Attendance of Auditors (members of Audit Committee)			-			
12. Put Option Availability			No			
- Contract Details			-			
13. Submission of Stock Registration Statement			No			
- Reason for Exception			Hive-down Demerger			