

NAVER

3Q24 Earnings Results

2024.11.8

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Earnings Summary

- Revenue growth accelerated to 11.1% YoY, 4.0% QoQ, supported by search and ads business
- Operating profit grew 38.2% YoY, 11.1% QoQ, continuing to set historical highs with a margin of 19.3%(+3.8%p YoY)
- Adjusted EBITDA increased 8 consecutive quarters QoQ and operating profit for 6 consecutive quarters

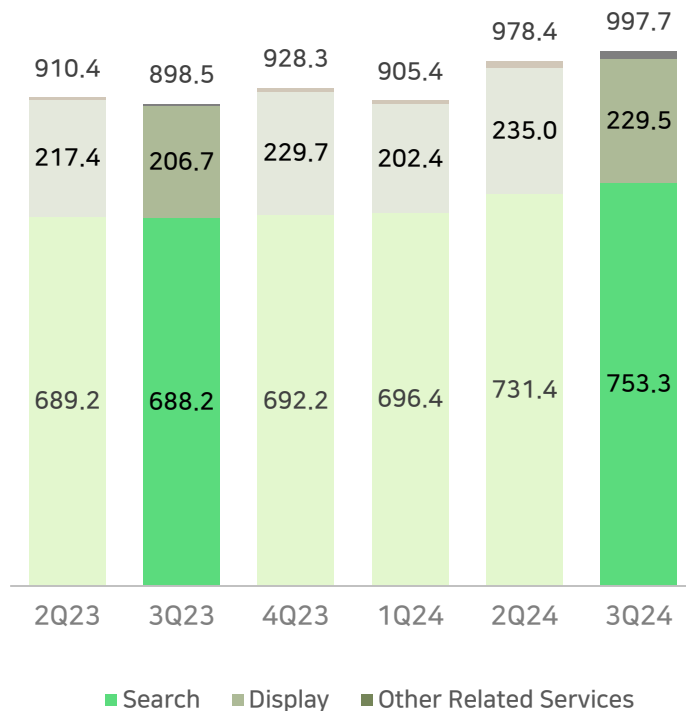
bn KRW	3Q23	4Q23	1Q24	2Q24	3Q24	Y/Y	Q/Q
Revenue	2,445.3	2,537.0	2,526.1	2,610.5	2,715.6	11.1%	4.0%
Search Platform	898.5	928.3	905.4	978.4	997.7	11.0%	2.0%
Commerce	647.4	660.5	703.5	719.0	725.4	12.0%	0.9%
Fintech	340.8	356.0	353.9	368.5	385.1	13.0%	4.5%
Contents	434.9	466.3	446.3	420.0	462.8	6.4%	10.2%
Cloud and Future R&D	123.6	125.9	117.0	124.6	144.6	17.0%	16.1%
Operating Expenses	2,065.1	2,131.5	2,086.8	2,137.8	2,190.3	6.1%	2.5%
Adjusted EBITDA**	550.6	580.0	581.0	638.4	699.1	27.0%	9.5%
Adjusted EBITDA Margin (%)	22.5%	22.9%	23.0%	24.5%	25.7%	3.2%p	1.3%p
Operating Profit	380.2	405.5	439.3	472.7	525.3	38.2%	11.1%
Operating Margin (%)	15.5%	16.0%	17.4%	18.1%	19.3%	3.8%p	1.2%p
Net Profit	356.2	298.4	555.8	332.1	530.1	48.8%	59.6%
Net Margin (%)	14.6%	11.8%	22.0%	12.7%	19.5%	5.0%p	6.8%p

** EBITDA + stock-based compensation

Search Platform Search, Display, Other Related Services

Quarterly Revenue

(bn KRW)



3Q24 YoY 11.0% ↑ / QoQ % 2.0% ↑

Search YoY 9.5% / QoQ 3.0%

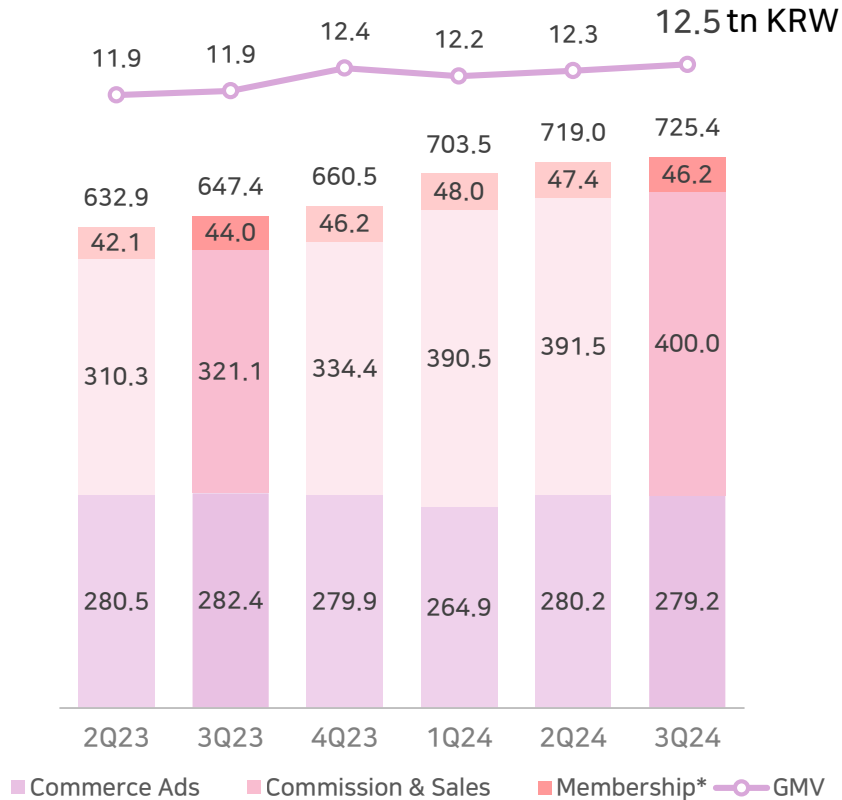
Display YoY 11.0% / QoQ -2.3%

- Search ad grew 9.5% YoY boosted by local ads, ad product improvement, and expansion in ads for external platforms
- Display ad grew 11.0% YoY supported by expansion of feed inventory and enhanced targeting
- Time spent improved with higher engagement at Home Feed and Clip, as well as content personalization of sports, entertainment, and search feeds

Commerce Ad, Commission & Sales, Membership

Quarterly Revenue

(bn KRW, tn KRW)



*Subscription revenue

3Q24 YoY 12.0% ↑ / QoQ 0.9% ↑

Commerce Ad YoY -1.1% / QoQ -0.3%

Commission & Sales YoY 24.6% / QoQ 2.2%

Membership YoY 5.1% / QoQ -2.6%¹⁾

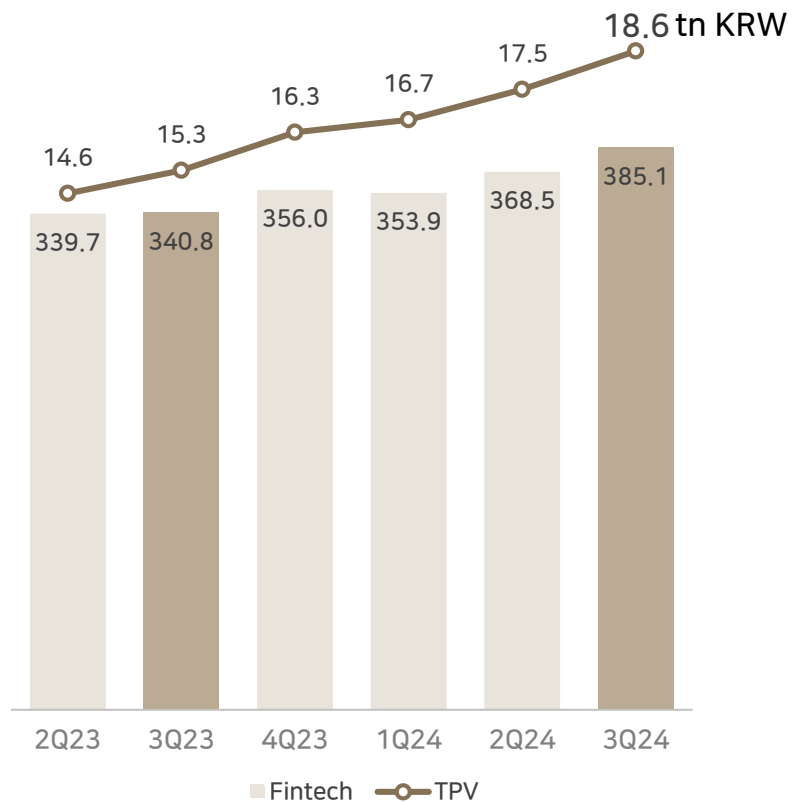
- Revenue grew 12.0% YoY driven by wider brand collaborations, shipping and other promotions as well as higher take-rate coming from increased sales of brand solutions and higher adoption of guaranteed delivery
- On-platform GMV grew 10.0% YoY, 3.8% QoQ driven by growth in Smartstore (including brands) and services
- Increased membership promotions brought continued YoY growth in number of subscription and active users

1) Due to one-off reflection of changes in accounting methods for digital contents

Fintech Payments, Digital Finance, etc.

Quarterly Revenue

(bn KRW, tn KRW)



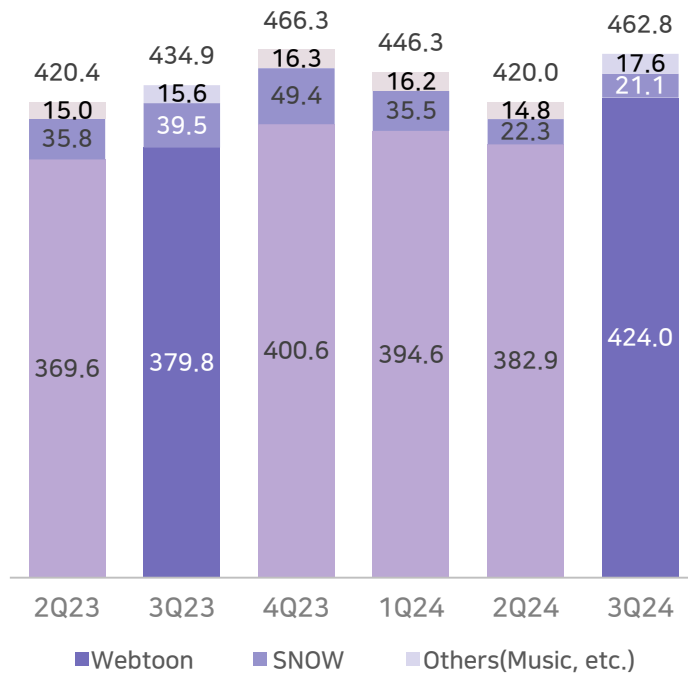
3Q24 YoY 13.0% ↑ / QoQ 4.5% ↑

- 3Q TPV grew 22.1% YoY, 6.2% QoQ to 18.6tn KRW as 3rd party ecosystem continued to expand
- Non-captive TPV grew 37.7% YoY, 8.8% QoQ to 9.6tn KRW
- Offline TPV jumped 78% YoY as order/booking and on-site payments continued to increase
- Platform business continues to expand on further addition of loan/insurance comparison services such as rent loans and international travel insurance, along with launch of digital twin VR real-estate tour service

Contents Webtoon, SNOW, Others

Quarterly Revenue

(bn KRW)



3Q24 YoY 6.4% ↑ / QoQ 10.2% ↑ ¹⁾

Webtoon YoY 11.6% / QoQ 10.7%²⁾

SNOW YoY -46.5% / QoQ -5.2%³⁾

Others YoY 12.6% / QoQ 18.7%

[Webtoon]

- Record-high Japan LINE Manga MAU and paid users drove paid content revenue as well as Japan ad revenue
- User engagement strengthened in Korea with launch of AI-driven personalized recommendation model in June

[SNOW]

- Naver Z deconsolidation effect continued; camera app saw steady rise in paying subscribers of AI features

1) Excl. Naver Z deconsolidation effect, total revenue grew YoY 11.6%

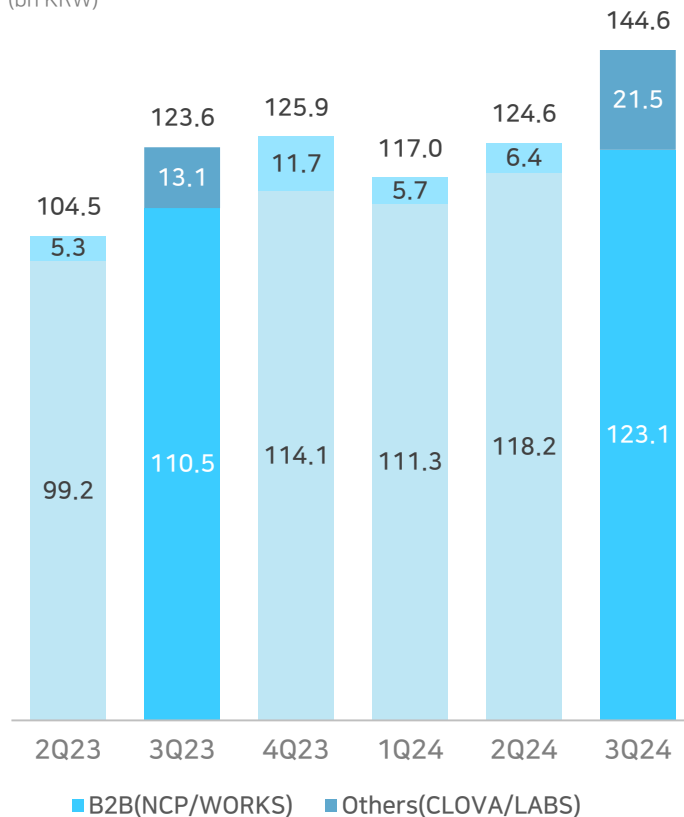
2) Revenue grew YoY 13.5% on a "constant currency basis" excl. deconsolidated and transferred operations as reported by Webtoon

3) Excl. Naver Z deconsolidation effect, SNOW revenue grew YoY 9.0%

Cloud B2B(NCP/Works), Others(CLOVA/LABS, etc.)

Quarterly Revenue

(bn KRW)



3Q24 YoY 17.0% ↑ / QoQ 16.1% ↑

B2B YoY 11.4% / QoQ 4.1%

Others YoY 64.3% / QoQ 235.2%

- Cloud revenue grew 17% YoY to 144.6bn KRW driven by Neurocloud revenue and increase in paid IDs for Line Works
- Number of paid IDs for Line Works grew 12.7% YoY leading to 34.1% YoY increase in Line Works revenue
- Commencement of digital twin revenue generation from Saudi project; Neurocloud deals with Bank of Korea and Korea Hydro & Nuclear Company on-going

* B2B: includes revenue from HyperCLOVA(LLM)

Operating Expenses/Profit

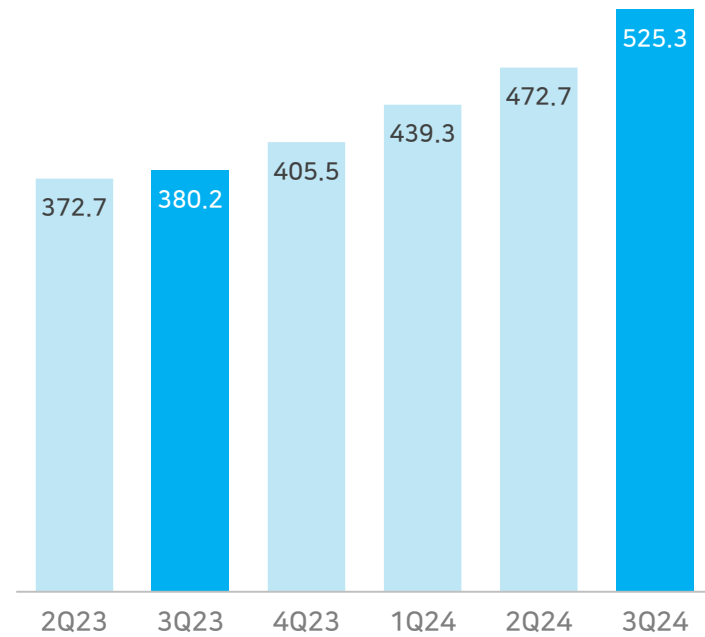
- Development & operations expense was limited to 4.0% YoY, reflecting improved tech organization efficiency
- Marketing expenses were up 7.0% YoY due to increased marketing in shopping and fintech
- Infrastructure expenses increased 13.2% YoY with increased deployment of GPUs and other equipment

(bn KRW)	3Q23	4Q23	1Q24	2Q24	3Q24	Y/Y	Q/Q
Operating Expenses	2,065.1	2,131.5	2,086.8	2,137.8	2,190.3	6.1%	2.5%
Development & Operations	631.4	661.5	636.0	682.7	656.9	4.0%	-3.8%
└ Labor cost	533.9	560.0	529.2	573.2	537.1	0.6%	-6.3%
└ Others	97.6	101.5	106.8	109.5	119.7	22.7%	9.4%
Partner	886.4	949.8	913.5	916.6	938.0	5.8%	2.3%
Infrastructure	157.3	163.7	169.9	171.7	178.1	13.2%	3.8%
Marketing	389.9	356.5	367.5	366.8	417.3	7.0%	13.8%
Operating Profit	380.2	405.5	439.3	472.7	525.3	38.2%	11.1%
Operating margin (%)	15.5%	16.0%	17.4%	18.1%	19.3%	3.8%p	1.2%p
Depreciation & Amortization	95.7	106.7	107.7	111.1	123.4	28.9%	11.1%
Stock-based compensation	74.8	67.7	34.0	54.7	50.4	-32.5%	-7.8%
Adjusted EBITDA	550.6	580.0	581.0	638.4	699.1	27.0%	9.5%
Adjusted EBITDA margin (%)	22.5%	22.9%	23.0%	24.5%	25.7%	3.2%p	1.3%p
Net Profit	356.2	298.4	555.8	332.1	530.1	48.8%	59.6%
Net margin (%)	14.6%	11.8%	22.0%	12.7%	19.5%	5.0%p	6.8%p

Operating Income, Adjusted EBITDA

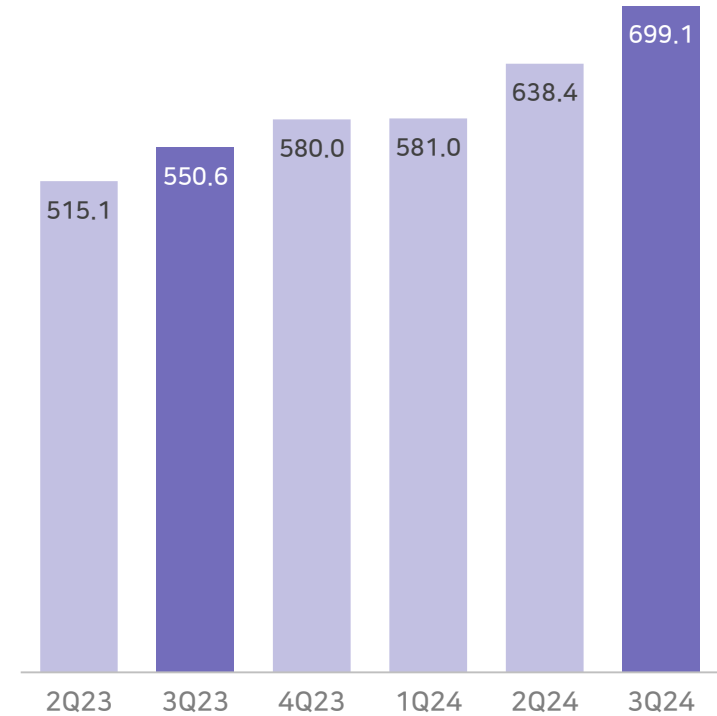
Operating Income

(bn KRW)



Adjusted EBITDA

(bn KRW)



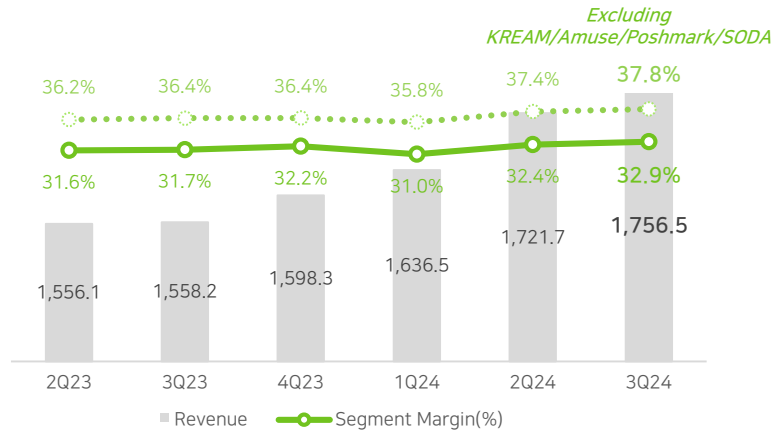
3Q24 P&L by Segment

(bn KRW, %)	Reporting Segment					Adjustment*	Total (Consolidated)
	Search Platform	Commerce	Fintech	Contents	Cloud		
3Q Segment Revenue (A)	1,029.6	726.9	427.6	518.4	166.2	(153.1)	2,715.6
- External revenue	997.7	725.4	385.1	462.8	144.6	-	2,715.6
- Internal revenue	31.9	1.5	42.4	55.7	21.6	(153.1)	-
3Q Segment Profit/Loss (B)	577.4		32.8	(14.6)	(59.9)	(10.5)	525.3
3Q Segment Margin (C) [C = B / A]	32.9%		7.7%	-	-	-	19.3%

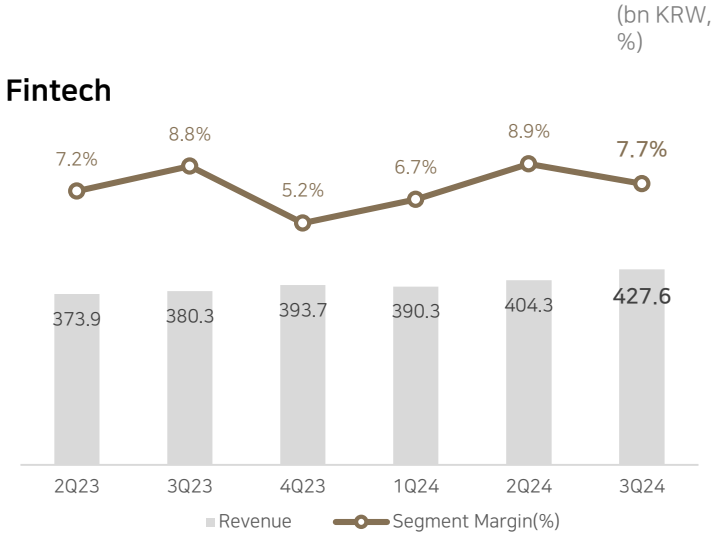
* Adjustments: Accounting adjustments including intercompany transactions

P&L by Segment

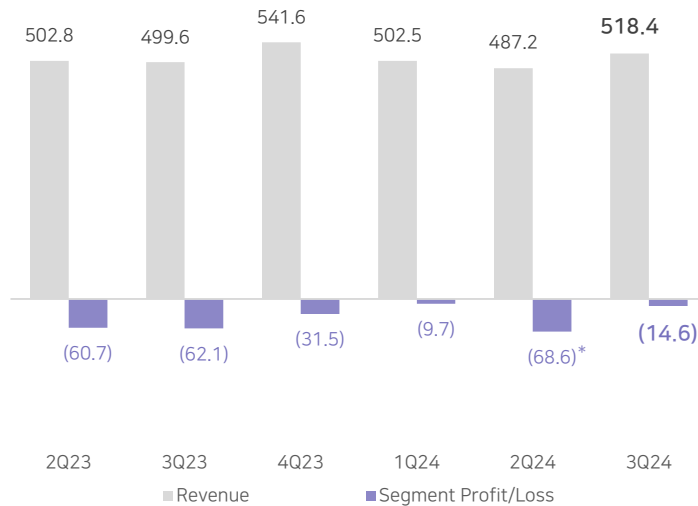
Search Platform & Commerce



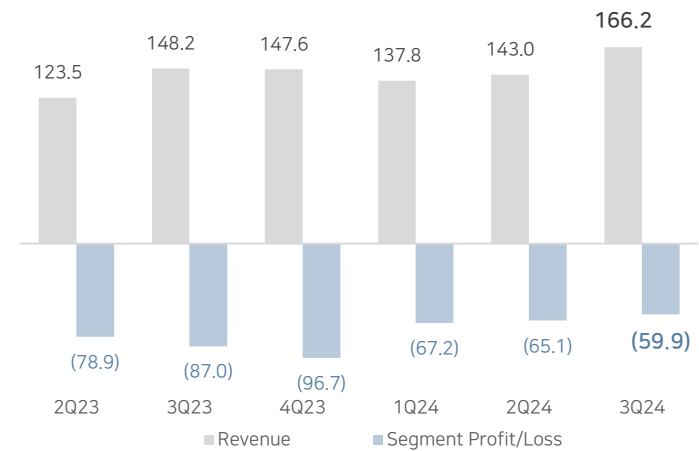
Fintech



Contents*



Cloud



*Reflecting one-time IPO related costs in Webtoon

Cash & Borrowings, Consolidated FCF, Direct and Indirect Investments

Cash & Borrowings

Cash and cash equivalents + Short-term financial instruments

(bn KRW)	1Q24	2Q24	3Q24
Naver(Separate)	1,449.2	1,719.0	2,997.2
Naver(Consolidated)	4,726.5	5,644.0	6,874.1*

* Used 405.1bn KRW out of 809.1bn cash inflow from dividends from AHD for treasury share repurchase in October

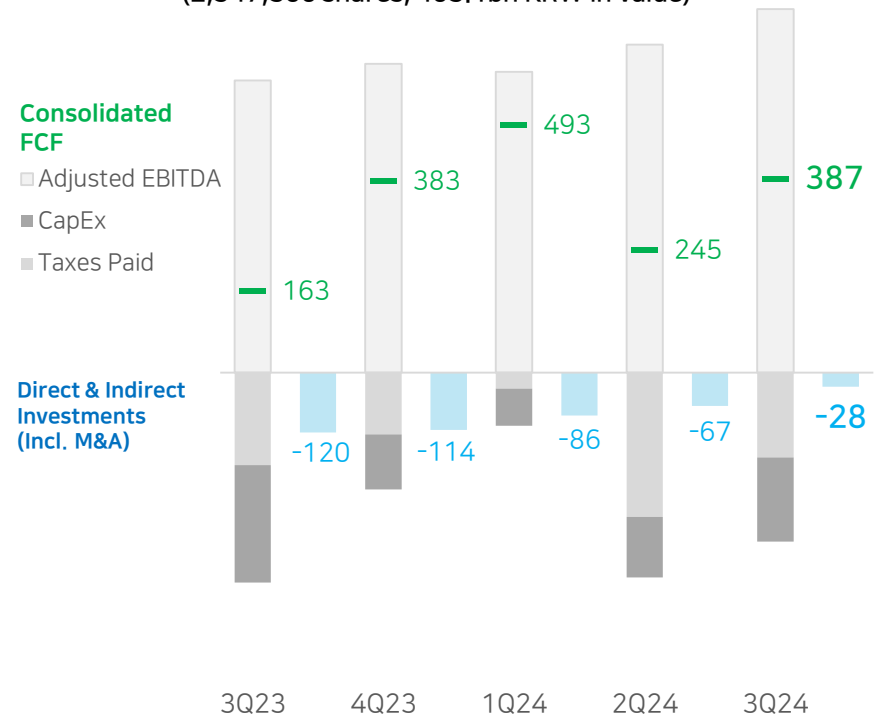
Borrowings / Debentures(Consolidated)

(bn KRW)	1Q24	2Q24	3Q24
Borrowings & Debentures	3,362.9	3,420.2	3,354.3
Short-term Borrowings	325.2	392.3	330.0
Long-term Borrowings	3,037.8	3,027.9	3,024.3
Debentures	1,897.0	1,926.7	1,884.1
Borrowings	1,140.8	1,101.2	1,140.3

Consolidated FCF, Direct and Indirect Investments

(bn KRW)

Special share buyback program completed;
all purchased shares to be cancelled effective Nov 13
(2,347,500 shares, 405.1bn KRW in value)



* Consolidated FCF : Consolidated operating Income + non-cash expenses - CapEx - taxes paid

Appendix. Net Profit

- 3Q Net Profit rose 48.8% YoY and 59.6% QoQ
- Other profit/loss primarily reflects foreign currency translations regarding USD bonds

(bn KRW)	3Q23	4Q23	1Q24	2Q24	3Q24	Y/Y	Q/Q
Operating Profit	380.2	405.5	439.3	472.7	525.3	38.2%	11.1%
Operating margin (%)	15.5%	16.0%	17.4%	18.1%	19.3%	3.8%p	1.2%p
Non-operating profit/loss	124.4	33.7	220.9	-5.3	128.0	2.9%	n/a
Equity method gain/loss	119.9	51.0	-85.2	89.1	73.6	-38.6%	-17.4%
Financial profit/loss	60.9	-32.7	-49.4	-37.3	-14.7	n/a	60.6%
Other profit/loss	-56.5	15.3	355.5	-57.1	69.1	n/a	n/a
Pre-tax income	504.5	439.2	660.2	467.4	653.3	29.5%	39.8%
Tax	148.3	140.7	104.4	135.3	123.2	-16.9%	-8.9%
Net Profit	356.2	298.4	555.8	332.1	530.1	48.8%	59.6%
Net Margin (%)	14.6%	11.8%	22.0%	12.7%	19.5%	5.0%p	6.8%p

Thank You