

## CNBC Interview

**Q. We're talking CFO of Naver, Namsun Kim, joining us, and, of course, a quite timely interview, I must say, because you've got the earnings released yesterday. So let's kick off there. And it did look a little bit sluggish in terms of your bread and butter segment, search platform. What do you think happened there?**

- You know, I think we're all struggling with it. I think all the companies around the world, especially Google. They had a good quarter this year, but the past several quarters, you know, their core search segment did come down quite a bit. And so I think Naver's search has been robust for the past three, four quarters in a row, we grew 5%. So overall, I think we're happy with that.

**Q. Okay, so you're happy with that. What is the forecast, what's the outlook for the second half?**

- It's very, very challenging to forecast during these times. But we hope to continue to grow. I think you see a lot of media platforms struggle a bit and decline, actually, in terms of revenue. But our plan, our goal is to continue to grow. And I think our search will actually carry us through that.

**Q. So there was a growth of 23% on year when it comes to sales, operating profit, also see 9.5% percent of growth, but operating margin, it's been struggling. It's declined for the 6th straight quarter. Why is that?**

- I think it's two things. I think, one, the slower growth in our core, very profitable search segment. And two, it's a natural progression. I think, the combination of the businesses that we have, especially whether it's webtoons, whether it's newer businesses that we're in like cloud services, the margins are lower. So the weighted average will come down over time. But we're not concerned with the level of margins and where they are, as long as each segment continues to remain profitable, or continue to reduce their losses.

**Q. And let's talk about the Poshmark effect, which was quite positive in the latest earnings result. And of course, you know, the market didn't really like it, when you had just announced the decision to acquire the company. But the return was there. What's your forecast going forward in terms of really including the Poshmark numbers into your results going forward?**

- I think the market kind of was confused at what we were doing at the time, like what's a Korean company doing in the US? We always saw it was a fantastic platform, there's so much that translates across Korea and the US, especially when it comes to content, especially when it comes to commerce platforms. Poshmark will be a core piece of our strategy. It's already almost a fourth of the revenue of our commerce segment. And we just see secondhand retail becoming a much more interesting piece of the retail puzzle going forward.

**Q. And of course, I'm hitting on all these other points before I'm getting to really the core part of the conversation, which is AI. You talked about the wider application of your AI services, how is that going to work? And I wonder how is that going to really move the needle for your financial metrics?**

- I think AI is challenging in terms that most companies struggle to monetize that. Whereas all of our services are core to AI. So AI is not only a threat to potentially to the search ad market, but for us, it's actually a huge opportunity for each of our businesses, whether it's enhanced search, whether it's enhanced shopping experience, whether it's fintech or even when it comes to webtoon recommendations, or even webtoon illustration tools. AI will only strengthen each of our services, and we benefit from that. So AI is something that's not foreign to us. But it's very, very important to each of our businesses.

**Q. So from the user perspective, how is it going to really change the experience of Naver?**

- Well, the search experience will be enhanced. And in terms of shopping recommendations, and for example, travel recommendations. I think Naver is the largest go-to site in terms of itinerary searches. And so to the extent that AI can actually better that experience, I think it's a game changer for the user.

**Q. Let's talk about the regulatory scrutiny that goes for big tech and it's not just Korea, it's really around the world. What's Naver stance when it comes to this market dominance related scrutiny coming from politicians and the government, how are you communicating what Naver is doing? And what Naver is not doing?**

- You know, Naver has always taken a conservative approach. We've kind of laid under the radar for a while. There's a lot of regulation across the world. I think there's two types of regulation - one, regulation for the sake of regulation, but also enabling regulation. And, for example, for areas like AI, enabling regulation is very, very important. And we hope to be able to help craft that pathway towards a better regulated technology ecosystem.

**Q. Do you think we have a degree of regulation for the sake of regulation in South Korea?**

- I think every market has that. Every country has that. And oftentimes, it's not only a bad thing, right? And so, but we do understand the scrutiny over tech and it's also because the natural dominance of where we are at.

**Q. Tell us a little bit about how you're communicating Naver's stance to the government and the political circle?**

- So for example, Naver, we don't see Naver as a dominating platform. We're actually an enabling platform. For example, we've democratized publication. Any amateur creator can go on webtoons and publish their story. We've enabled commerce, for example, it costs only about a 10th of what it costs an offline store to actually open an online business. And we have more than 600,000 small and medium-sized entrepreneurs on our shopping platform, which we enable, at a very, very low cost.

**Q. Let's talk about your global expansion plan. I know that you're big in Korea and Japan and with that Poshmark acquisition, perhaps make a foray into the US market. But do you see Naver as a global player down the road?**

- Well, we don't think of global as, again, going global for the sake of going global. We will choose our markets very, very selectively. And we will only be in core markets that we think have a good return on investment. For example, Japan is a very core market for us and North

America, we just see so many similarities across Korea, Japan and North America that these three we believe will be our core markets.

**Q. Talk to us about the MOU with the Saudi Arabian government for digital transformation. How is Naver positioned? Are you optimistic that you're going to win some big projects in Saudi Arabia? What's going on there?**

- We'll see. I think someone someone had illustrated it as the mother of all pivots, you know, they are going through a huge pivot, sitting on top of a gazillion barrels of oil, who knows when that will dry up. And so it's a huge pivot. We think there's a lot left in store. We'll see. We'll see what happens.